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LATE NEWS

Reagan Vetoes Clean Water Bill

WASHINGTON (UPI) — President Ronald Reagan, acting Thursday before a midnight deadline, vetoed legislation that would have provided \$18 billion to reduce pollution of U.S. waterways.

Both the House of Representatives and Senate voted overwhelmingly in favor of the bill, which would have extended terms of the Clean Water Act through 1994 by providing money for local sewage treatment and other anti-pollution projects. Mr. Reagan was expected to veto the bill because he felt its cost "far exceeds acceptable levels of intended budgetary commitments."

INSIDE TODAY

GENERAL NEWS

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 - General Motors Corp. announced that it would close 11 plants employing 29,000 people in four states. Page 15.



Sir James Goldsmith has offered \$49.4 million for 88.5 percent of Goodyear. Page 15.

IN TOMORROW'S INT

Pure Flamenco and high fashion in New York. In Weekend.



Eduard A. Shevardnadze, left, and George P. Shultz leaving the Soviet Embassy in Vienna on Thursday after their last round arms control talks ended in apparent failure.

Shultz, Shevardnadze Report Arms Stalemate

By David B. Ortaway and Gary Lee
Washington Post Service

VIENNA — Secretary of State George P. Shultz and Foreign Minister Eduard A. Shevardnadze of the Soviet Union ended two days of talks Thursday with both sides saying that they had made no progress on arms control.

Their meeting followed talks last month between President Ronald Reagan and Mikhail S. Gorbachev in Reykjavik, Iceland, where proposals were made for sharp reductions in nuclear arms.

"The U.S. purpose in coming here was to confirm and build on the results of Reykjavik," Mr. Shultz said at a news conference after five hours of talks over two days. "I can't say the meetings have moved arms control matters along in any significant way and I regret this."

Mr. Shevardnadze, at a separate news conference, charged that the United States had tried to "beat complete retreat from the high ground reached in Iceland." He said it had only put forth "a mixed bag of old, mothballed views and approaches" that included concessions that the Soviet Union had made at Reykjavik.

The Soviet minister said the discussions had "left us with a bitter taste," but he reaffirmed Soviet interest in a continuing dialogue with the United States.

Mr. Shultz said he thought "patience" was needed. "The rhythm and pace of this negotiation cannot be forced by either side," he said. "We'll keep at it."

Mr. Shultz said the subject of holding a U.S.-Soviet summit meeting in the United States, which Mr. Gorbachev had agreed to during his first meeting with Mr. Reagan in Geneva last November.

See ARMS, Page 6

Elections Cloud 1988 Outlook

Trade Curbs Feared From New Congress

By Peter T. Kilborn
New York Times Service

WASHINGTON — Democratic victories in Tuesday's elections assure that Congress will try to enact a major new trade law restricting imports of foreign goods, according to leading members of both parties.

But they added Wednesday that they doubted the legislation would be as harsh as the oratory of the campaign implied.

It appeared that President Ronald Reagan, who just barely blocked Congress's attempts in earlier trade in Tuesday's elections, would try to work with the legislators next year to produce a trade law. As a result, prospects for battles with the White House over the issue also seemed less probable.

"This administration is not about to embrace a protectionist-modus operandi," said Clayton K. Yeutter, the U.S. special trade representative. "At the same time, we recognize there will be additional members of Congress who will wish for legislation in this area and we'll have to attempt to reach a reasonable accommodation with them."

Mr. Yeutter also disclosed in an interview that the administration had formed a group to study ways to sharpen American competitiveness as a way to spur exports.

Such industries as textiles, steel, automobiles, shoes and agriculture have been lobbying strongly for laws to protect themselves and their workers from the tide of foreign competition that has added to the nation's trade deficit. Those industries now stand a better chance of winning some protection, lawmakers said.

Interest groups that have been seeking protectionist laws saw the election as a mandate to enact them. "Yesterday, the American people sent the Reagan administration a message," said John N. Gregg, chairman of a textile interest group, the Fiber, Fabric and Apparel Coalition for Trade. "The American voter rejected the administration's international trade policy, a policy that has failed to stop the flood of unfair imports."

Representative Jim Wright, Democrat of Texas and the House majority leader, said that "trade is absolutely at the top of the agenda."

Mr. Wright, a candidate to succeed Oliver North, a member of the National Security Council staff.

Colonel North also has been cited in the past as a White House link to groups providing aid to rebels fighting the Sandinist government in Nicaragua.

Details of the talks emerged Wednesday following disclosures by Iranian officials on Monday that Mr. McFarlane went to Tehran in September as a secret U.S. envoy to discuss the hostages. Other U.S. sources familiar with the mission said Mr. McFarlane had urged Iran to halt its support of terrorism and work toward an end to the Iran-Iraq war.

[Mr. Reagan said Thursday that reports that the United States and Iran had reached a secret deal on freeing American hostages had no foundation and were endangering



President Ronald Reagan, addressing the White House staff on Wednesday, pledged to continue to push his program despite the Democratic Party's control of the Senate. Page 3.

Results Signal An Open Race For President

By David S. Broder
Washington Post Service

WASHINGTON — American voters have sent the Democratic and Republican parties a warning that they are ready for sweeping change as Ronald Reagan's presidency approaches its end, according to officials of both parties.

Prospective 1988 candidates and their advisers say the results of Tuesday's midterm election were a signal that the struggle to succeed Mr. Reagan will take place in the most open, uncertain and competitive political environment any of them have ever faced.

That assessment reflected the shock and surprise most politicians expressed after voters stripped Republicans of eight seats and control of the Senate, while ousting the Democrats from eight governorships and ending their domination of state government.

The overall results suggested that no part of the country is off-limits to either party.

The impact of the topsy-turvy electoral tallies was registered by the two men who managed the major parties' last presidential campaigns.

"What we've learned," said Edward J. Rollins, who ran Mr. Reagan's 1984 drive, "is that we have a two-party system as closely balanced as any time in recent history, and whoever puts up the best candidate and effort and message can win."

Robert G. Beekel, Democratic manager of Walter F. Mondale's campaign, said he agreed that "ticket-splitting and tough two-party competition are embedded everywhere, including now the South." He added: "There's nothing we can't go after, and almost nothing they can't take from us."

Other key figures in the political community also predicted:

- A period of intense partisanship, as the Reagan White House goes completely under control of the Democrats, and those Democrats seek ways to exploit on a national level some of the economic, environmental, budget and defense issues they used effectively in their states and districts on Tuesday.
- A long and uncertain struggle for the presidential nominations in

MORE ELECTION NEWS

- For some Senate Democrats, the race for the presidential nomination began Tuesday. Page 3.
- American minorities scored gains all over the electoral map in Tuesday's elections. Page 6.
- For the Democratic victors in the new Congress, William Safire and Anthony Lewis have different views of the election. Opinion, Page 4.

Release of 3 U.S. Captives Reportedly Followed Military Shipments to Iran

By Walter Pincus
Washington Post Service

WASHINGTON — The release of three American hostages in Lebanon over the last 14 months followed a series of shipments of military cargo to Iran after secret discussions between White House envoys and representatives of the Tehran regime, informed sources said.

The freeing Sunday of David P. Jacobson — as well as the releases of the Reverend Lawrence M. Jenco in July and the Reverend Benjamin Weir in September 1985 — came about after talks with Iranian representatives were conducted by Robert C. McFarlane, President Ronald Reagan's former national security adviser, and others, including Lieutenant Colonel

efforts to win their release. Reuters reported from Washington.

[Asked if Washington had made a deal with Tehran, Mr. Reagan said: "May I suggest and appeal to all of you with regard to this, that the speculation, the commenting on a story that came out of the Middle East and that, to us, has no foundation, all of that is making it more difficult to get the other hostages out."]

U.S. intelligence sources said Mr. McFarlane had been conducting talks with Iranians and their intermediaries for more than a year in Europe and Tehran.

Sources said the discussions included an Iranian need for defensive military equipment, along with long-term financial stability that

See IRAN, Page 2

Asia Aid Requests Catch Tokyo Off Guard

By Charles D. Sherman
International Herald Tribune

TOKYO — The arrival of Southeast Asian leaders here in recent weeks has taken on the appearance of a procession.

President Corason C. Aquino of the Philippines, who is to begin a four-day state visit Monday, follows the Thai foreign minister, and the prime ministers of Singapore and Malaysia in talks with Japanese officials.

Western diplomats call the succession of visits over the past six weeks coincidental, but each leader has made strong appeals for economic aid and investment to Japanese businessmen and government officials in general and to Prime Minister Yasuhiro Nakasone in particular.

Japan, with its export economy squeezed by the high value of the yen, had been muted in its response until now, just before Mrs. Aquino's arrival.

When Japanese officials learned Monday that the Aquino government planned to ask Japan for a loan package totaling \$1.6 billion, they were stunned. The portion for development aid, \$800 million, is two and half times the amount Tokyo pledged to Manila last year.

"Everyone was surprised," said a Foreign Ministry official. He added with a laugh: "Mrs. Aquino is being melodramatic."

In an immediate gesture, Mr. Nakasone announced Wednesday a \$325-million loan for a geothermal energy project on the Philippine island of Luzon. The remainder of the package would take time to consider, the government said, adding that no decision would be made during Mrs. Aquino's visit.

One government official concerned with Japan's ties to developing countries said: "The Philippines request will certainly give the yen-loan circle a headache."

The yen-loan circle refers to countries that have borrowed heavily from Japan, a group that includes most members of the Association of Southeast Asian Nations, or ASEAN. The organization is made up of Malaysia, the Philippines, Thailand, Singapore, Indonesia and Brunei.

Except for Singapore, the group has been suffering from depressed prices for oil, timber and other primary products that constitute ASEAN's chief exports.

The Philippine request, if honored, would sharply tilt Japan's loan program, officials said. Last year, development aid in the Philippines, Malaysia, Indonesia and Thailand totaled \$1.6 billion. The Aquino government's proposal for \$800 million "is unrealistic," said a Foreign Ministry official.

Setting out Malaysia's case last month, Prime Minister Mahathir bin Mohamed told Japanese officials that because of the swift appreciation of the Japanese currency his country was having trouble repaying its yen loans. He suggested that some debt be converted to equity in Malaysian businesses.

Singapore's prime minister, Lee Kuan Yew, delivered a similar message, adding that ASEAN countries were relying on continued Japanese growth in spur their economies. Last year Singapore's export-led economy shrank 1.8 percent.

Both leaders asked for greater access to Japan's market.

Government officials in Tokyo, meanwhile, pointed out that Japan's economic interests lie in other directions.

Referring to growing investments in Taiwan, South Korea and China, a Japanese Foreign Ministry official said: "The Pacific Basin is a dynamic trade zone, but we Japanese think that what's going well is the North Pacific Basin."

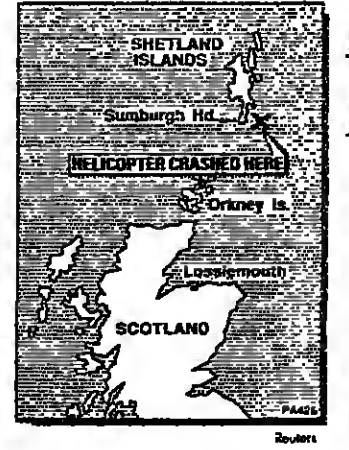
As if to underscore the importance of economic relations closer to home, Mr. Nakasone's only foreign travel so far this fall was in Seoul and Beijing. The trips were made in part to soothe hard feelings that arose when former Education Minister Masayuki Fujio publicly sought to justify Japan's World War II military expansion. Mr. Nakasone dismissed Mr. Fujio after South Korea and China protested.

Still the prime minister's travels are a fair indication of Japan's current political and economic priorities in the region.

Western diplomats, meanwhile, say that policy statements concerning Tokyo's desire to foster greater economic stability in Southeast Asia and the Pacific have encouraged the ASEAN countries in their approaches in Japan.

"The Japanese opened themselves up," a U.S. Embassy official in Tokyo said. "They made statements they aren't prepared to follow through on."

See RAMOS, Page 6



Copter Down Off U.K.; 45 Feared Dead

By Francis X. Clines
New York Times Service

LONDON — Forty-five persons were feared to have died Thursday in the crash of an oil rig helicopter in the icy waters of the North Sea off the Shetland Islands.

Only two passengers were rescued, according to reports from the crash scene, near the remote Brent oil fields more than 100 miles (about 160 kilometers) north of the Scottish coast.

"You can see bodies floating everywhere," said Doug Dale, keeper of the Sumburgh lighthouse on the southern tip of the Shetlands and a few miles from where the Boeing Vertol Chinook helicopter plunged into the sea.

More than six hours after the crash, officials reported the recovery of 19 bodies, with 26 persons missing in the frigid waters.

"It is a terrible scene," Mr. Dale said, describing the view from the lighthouse near the Sumburgh airfield, which the helicopter was approaching when it crashed. "It looks as if the helicopter has broken up beneath the water and bodies are gradually being released from the wreckage."

Gordon Mitebell, pilot of a British coast guard rescue helicopter, said, "Whatever happened must have happened very quickly."

Mr. Mitebell was at the scene within minutes of the crash. He found two survivors clinging in bits of wreckage. The survivors were

See CRASH, Page 6

Pretoria Says 2 Nations Planned Coup in Malawi

By William Claiborne
Washington Post Service

JOHANNESBURG — The South African foreign minister said Thursday night that documents found in the wreckage of the air crash that killed President Samora Machel of Mozambique included evidence of a plot by Mozambique and Zimbabwe in overthrow the government of Malawi.

Foreign Minister R.F. Botha said he had sent official messages of protest to the governments of Mozambique and Zimbabwe demanding to know if they still supported a plan to overthrow the government of Malawi, the only black African country to maintain diplomatic ties with South Africa.

Mozambique and Zimbabwe have accused Malawi repeatedly of harboring rightist rebels of the Mozambican National Resistance movement, known as Renamo, which is trying to overthrow the Marxist government of Mozambique. The rebels are supported by South Africa.

In a hastily called press conference, Mr. Botha responded to a report in The Washington Times. That report, quoted South African sources in Europe as saying that three days before he died in the plane crash, Mr. Machel met in Maputo with Zimbabwe's defense minister, Ernest Kadungure, and its army commander, General Rex Nkhomo, and discussed a strategy for overthrowing the government of Malawi.

The Washington Times said that minutes of the meeting recovered at the crash site just inside South Africa's border disclosed a plan for isolating Malawi by blowing up bridges linking Malawi with Tanzania, and recruiting Mozambicans in Malawi for subversive activities.

Mr. Botha said Thursday night that South Africa had "fully informed" President Hastings Kamuzu Banda of the Maputo meeting, which was said to have been held on Oct. 16 in the Mozambican capital.

Mr. Botha declined to say what Mr. Banda's reaction had been, or whether South Africa would assist the Malawi regime if the plot were carried out.

When asked why there had been a delay of nearly three weeks in releasing the document, Mr. Botha said that the minutes had been brought to his attention only on Tuesday, and that there had been difficulty in piecing together material recovered from the wreckage and translating the document from Portuguese to English.

Asked about likely allegations that the document was forged and part of a disinformation campaign, Mr. Botha replied, "There is not the slightest question of the authenticity of this document."

He held up what he said was the original, encased in a plastic sheet and stained as if it had been soaked in water. Handwritten notes in Portuguese were attached to the typewritten minutes.

"We do not possess this stationery," Mr. Botha said. "We do not

See MALAWI, Page 2



Hastings Kamuzu Banda

ON PAGE 2

- A defense lawyer has requested that 22 black South African political leaders on trial for treason be freed.
- A white member of the African National Congress was imprisoned for 25 years on treason and arson charges.
- Oliver Tambo, the ANC leader, said Moscow has pledged continued aid to his South African guerrilla group.

De Benedetti Buys Part of YSL House

By Axel Krause
International Herald Tribune

PARIS — In an unusual expansion move, Carlo de Benedetti, chairman of Olivetti SpA of Italy, said Thursday that his family holding company will acquire a 25-percent shareholding in Yves Saint Laurent SA, the French fashion house.

Sources close to both groups also confirmed a report that they were planning an even larger move — a bid to jointly take control of Charles of the Ritz Ltd., the New York-based cosmetics subsidiary of Squibb Corp., the U.S. producer of pharmaceuticals, health-care products and cosmetics.

Charles of the Ritz, which markets Yves Saint Laurent perfume in the United States, is being sought by a number of companies.

A bid for Ritz could be worth about \$600 million, sources close to the companies said.

Because of the de Benedetti stake in Saint Laurent, which the companies said would be worth about 255 million francs (\$37.5 million), both groups could join forces to expand in the United States, including through the bid for Charles of the Ritz.

"During a joint news conference Thursday, neither Mr. de Benedetti nor Pierre Bergé, president of Yves Saint Laurent, would comment on a report of the proposed acquisition of the Squibb unit published Thursday by La Lettre de L'Expansion, a daily business newsletter."

Mr. Bergé and Mr. Saint Laurent would hold 75 percent of the shares, evenly divided, in Saint Laurent after Mr. de Benedetti buys his stake.

According to the newsletter report, the acquisition of Charles of the Ritz would be through a leveraged buyout, a company is bought with borrowed money, with future earnings of the acquired company as collateral.

CERUS SA, a Paris-based holding company controlled by CIR International, Mr. de Benedetti's family-owned holding company, would own 40 percent of Charles of the Ritz.

See YVES, Page 19

Ramos Orders Military To Quash Any Plotting

By Seth Mydans
New York Times Service

MANILA — The Philippines armed forces chief of staff warned Thursday of a possible plot by disaffected military officers and ordered his commanders to "neutralize" any such action.

In a statement issued by his office, General Fidel V. Ramos "warned any military adventures against embarking on such a rash course of action because it could be bloody and destabilizing."

General Ramos's warning came at a moment when President Corason C. Aquino has been consolidating her support in various sectors in response to a challenge from Defense Minister Juan Ponce Enrile.

Mr. Enrile has fallen relatively silent after a period of vigorous agitation against the government and its policies. But rumors have resurfaced about possible military action by the colonels who surround him.

With his warning Thursday, General Ramos, who is seen here as a pivotal force between the president and defense minister, appeared in placing himself firmly on the side of Mrs. Aquino.

In recent days, both the United States and the powerful Roman Catholic Church have spoken out in support of the president.

Attempts by Mr. Enrile to enlist the support of members of various political parties do not appear for the moment to have been successful.

The president's position has also been strengthened by an overture from the Communists to accept her offer of a cease-fire.

In another development, a small bomb exploded Thursday night at a suburban Manila movie theater, slightly wounding at least seven persons. It was the sixth explosion or firing of shots in the city in recent weeks.

A city official who was attending the show said a small device was thrown from the seventh row toward the screen and that the wounded had received shrapnel wounds in the legs.

No arrests were immediately reported. The previous incidents have been blamed on people seeking to destabilize the government.

A highly placed Defense Ministry source said Thursday that he believed that Mr. Enrile's political options had been narrowed and that, following his strong words in recent weeks, he now faced a choice over whether to break with the government or remain within it and



Fidel V. Ramos

retain his power base as defense minister.

He described the colonels close to him as rash and aggressive but intelligent enough to see the limits on their own options for aggressive action.

In his statement, General Ramos referred to a report Wednesday in the newspaper Business Day describing plans for a "surgical operation" that would "take over the government, eliminate its inept and left-leaning elements, and retain Mrs. Corason C. Aquino as president."

Newspaper sources said the report was prepared to follow through on.

See RAMOS, Page 6

Judgment Near in Pretoria Treason Trial

By Allister Sparks
Washington Post Service

DELMAS, South Africa — For more than a year, Simon Vilakazi and 21 other black South African political leaders have been driven daily from Modderbee Prison in the countryside east of Johannesburg to a small courthouse in this corn-belt town 20 miles away.

The charges they face in a trial that began Jan. 20 are serious: high treason, terrorism, subversion and five charges of murder. All carry the death sentence.

But last week, Mr. Vilakazi heard his lawyer point out to the judge that none of the hundreds of prosecution witnesses, who have delivered nearly 8,000 pages of testimony, had referred to him. Nor does a single document of the 15,000 the state has submitted mention him.

The only evidence tendered to support the charges against Mr. Vilakazi were two invitations to stu-

dent meetings that were found in his room, said his lawyer, Arthur Chaskalson. There was no proof that he had attended the meetings.

Mr. Vilakazi's case was the most extreme, but the evidence against the others was hardly more substantial, Mr. Chaskalson argued. He asked that all of the accused be freed at the close of prosecution arguments, because the case was so flimsy it did not require answering.

If the request succeeds, South Africa's most controversial political trial in years will come to an abrupt end and the 22 defendants, who include some of the country's best-known black political leaders, will go free.

If it fails, the defense lawyers say, the case could last another year, during which the defendants might continue to be held without bail in Modderbee.

In that event, they will have been imprisoned, and rendered politically inactive, for three years before

judgment is given. They were detained for a year before the trial began.

The trial follows a similar one that collapsed after 13 months in the Natal provincial capital of Pietermaritzburg in December.

That trial led to accusations in South African political and legal circles that the government of President Pieter W. Botha was using the courts as an extension of its detention system.

Critics assert that the state brings complex but poorly based charges against political opponents in order to tie them up in long trials that keep them out of action.

Almost the entire leadership of the United Democratic Front, the main multiracial organization inside the country fighting apartheid, has been immobilized by the two trials for most of the period of unrest that has shaken South Africa since September 1984.

Thirty-eight leaders were arrested soon after the trouble began, including five who sought refuge in the British Consulate for several months in 1984. Sixteen were tried in the Pietermaritzburg case. The remaining 22, including Popo Molefe, the Front's general secretary, and Patrick Lekhotla, the press secretary, were charged separately in Delmas.

The state issued special certificates prohibiting bail. These were ruled invalid on appeal and the Supreme Court of Natal province, noted for its liberal judgments, granted bail to the 16. The Supreme Court in Transvaal province refused bail to the 22 in Delmas.

The Pietermaritzburg trial halted abruptly when the Natal attorney general conceded that there was insufficient evidence to justify the charges, and withdrew them.

The charges in the Delmas trial have been framed differently, but the allegations are similar: that the accused were involved in a conspiracy with the outlawed African Na-

tional Congress to overthrow the government by violence.

Among the 22 defendants are community leaders from Sharpeville and surrounding black townships in the Vaal Triangle, an industrial region south of Johannesburg, where the unrest began on Sept. 2, 1984. The prosecution contends that this was the start of an operation masterminded by the United Democratic Front and the African National Congress to cause chaos leading to revolution.

Five township officials were killed in the violence that broke out that day. The 22 are accused of being collectively responsible for the murders.

Despite the charges, the mood in the prisoners' dock as the defendants arrive each day is anything but tense. The Delmas courthouse has become a place of political pilgrimage, with black supporters, white sympathizers, diplomats and dignitaries journeying there to meet the Front leaders.

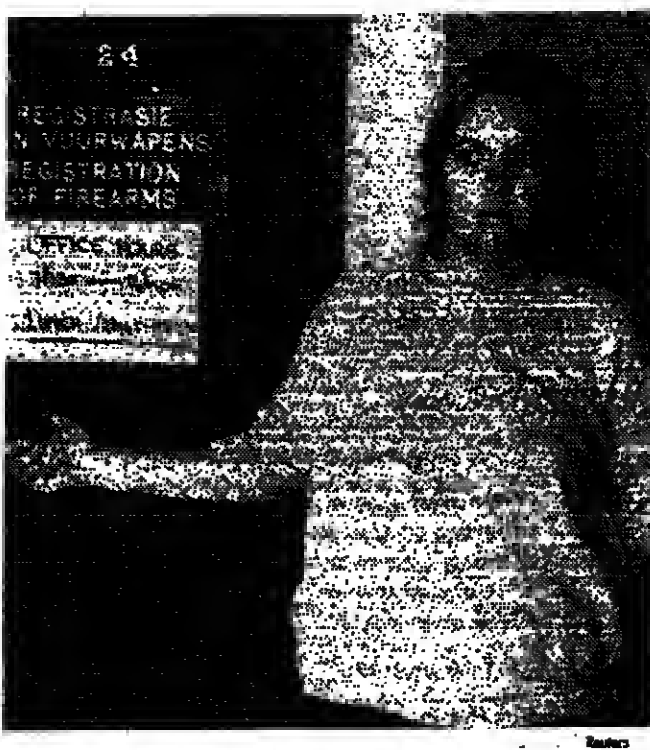
■ Violence in Soweto

Residents of Soweto said Thursday that the police killed five blacks and wounded dozens in two hours of gunfire near the homes of two anti-apartheid activists, The Associated Press reported from Johannesburg.

The government reported two deaths in the incident near the homes of Winnie Mandela and Albertina Sisulu.

Residents said the shooting began Wednesday night when the police tried to evict people who refused to pay increased rents for government houses. The government Bureau for Information said that about 100 blacks threw gasoline bombs at a security vehicle.

The death toll given by residents was the highest reported in Johannesburg's black township of 1.5 million since Aug. 27, when 21 persons died in clashes with security forces.



Marion Sparg, imprisoned for 25 years on charges of treason and arson, outside a courtroom in Johannesburg.

ANC Leader Cites Soviet Aid



Oliver Tambo

Washington Post Service

MOSCOW — The leader of the main black guerrilla group in South Africa said Thursday that the Soviet Union had pledged continued military assistance to the anti-apartheid struggle.

"Material assistance includes the supply of weaponry, as much as other things," said Oliver Tambo, president of the African National Congress.

Mr. Tambo said his meeting with the Soviet leader, Mikhail S. Gorbachev, had demonstrated Moscow's "great sympathy and readiness to help as much as this country can help." He would not quantify Soviet military support.

Mr. Tambo also said Thursday that there were strong prospects that the group would "soon" open a mission in Moscow, although its diplomatic status is not yet clear.

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White Member of ANC Jailed For 25 Years in South Africa

JOHANNESBURG — A white member of the banned African National Congress, who planted mines at three South African police stations, was imprisoned Thursday for 25 years on charges of treason and arson.

Marion Sparg, 28, a former journalist who said she was a "soldier" in the ANC, the main guerrilla organization fighting white domination in South Africa, bugged and kissed her family as she was led to her cell.

She pleaded guilty to placing mines at police stations in Johannesburg and in eastern Cape prov-

ince this year. She also admitted taking part in 1981 in gasoline bomb attacks on offices of the centrist white Progressive Federal Party in Johannesburg.

In sentencing Miss Sparg, Justice P.J. van der Walt described her as a dedicated and unrepentant member of the ANC's military wing.

Miss Sparg had told the court she acted out of patriotism and not treason in planting the mines.

"The main value of my actions as I saw it," she said, "was simply that those bombs were directed at a structure that symbolized apartheid."

WORLD BRIEFS

Abu Nidal Linked to Turkish Attack

ANKARA (AP) — A prosecutor's report released Thursday said that the attack on an Istanbul synagogue in September was among a series of terrorist acts carried out in Turkey by the group led by Abu Nidal.

The report was the first official statement linking Abu Nidal with the Sept. 6 attack in which 21 Jewish worshippers were killed. The two men who staged the attack were killed when hand grenades they were carrying exploded.

The mention of Abu Nidal in connection with the synagogue attack was contained in an indictment of five Palestinians for the murder of a Jordanian diplomat in 1985. No elaboration was given, with the indictment merely listing "Abu Nidal actions in Turkey."

Turks Accused of Firing on Refugees

ATHENS (Reuters) — Greece accused Turkish troops of firing on Iranian refugees at a border crossing point to force them into Greek territory.

A government spokesman said Wednesday that the Turkish authorities were forcing refugees who had traveled across Turkey from Iran to cross Greece at the Evros River between the two countries. "When the Greek authorities try to obstruct the Iranians from coming into the country," he said, "the Turks then shoot at them. That is a very serious matter. They are being fired on from the Turkish side."

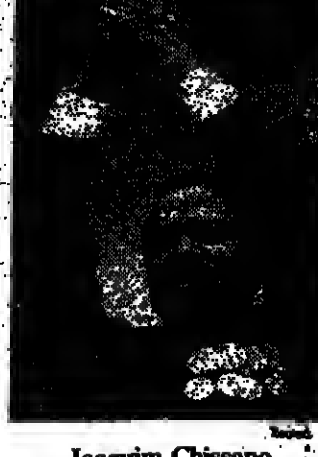
In Ankara, Turkey denied the charge and accused Athens of turning back asylum-seekers in breach of the Geneva Convention on the status of refugees. A Turkish Foreign Ministry spokesman said "deceiving and distorted" reports by the Athens News Agency that the Turkish authorities were gathering thousands of Iranian refugees in Istanbul and paying them to cross into Greece.

Chissano Sworn In to Succeed Machel

MAPUTO, Mozambique (AP) — Joaquim Chissano was sworn in Thursday as the second president of Mozambique and declared that the nation's first duty was to defeat the anti-government guerrillas that are said to be supported by South Africa.

In his first presidential speech to a mass audience, Mr. Chissano declared that the "total eradication" of the Mozambique National Resistance Movement was "the most sacred and fundamental of tasks in this phase of our history."

"This is a struggle in which there cannot be any compromises of any sort," he said. Mr. Chissano, formerly foreign minister, succeeds Samora Machel, who was killed Oct. 19 in a plane crash in South Africa.



Joaquim Chissano

Soviet Defense Chief Reported Ailing

MOSCOW (Reuters) — Marshal Sergei L. Sokolov, the Soviet defense minister, missed a Moscow rally Thursday marking the 69th anniversary of the 1917 Bolshevik Revolution, intensifying speculation that he is in poor health.

The Soviet leader, Mikhail S. Gorbachev, and other members of the ruling Politburo attended the rally at the Palace of Congresses, but Marshal Sokolov, a nonvoting Politburo member, was not present.

According to a notice published Wednesday in the armed forces newspaper Krasnaya Zvezda, Marshal Sokolov, 75, will also not take part in Friday's traditional military parade through Red Square. Military attaches in Moscow said unofficial reports had circulated for weeks that Marshal Sokolov was in poor health but the nature of his illness was not known.

NASA Overhauls Shuttle Management

WASHINGTON (WP) — Space agency officials have announced a management overhaul for the space shuttle program that shifts authority from Houston to Washington and puts at the helm one of the top officials involved in the decision to launch the shuttle Challenger on Jan. 28. The craft exploded, killing the seven astronauts on board.

The changes at the National Aeronautics and Space Administration, announced Wednesday, are designed to clarify lines of authority and improve communications, strengthen Washington's leadership of the program and make better use of space centers, Richard H. Truly, associate NASA administrator for space flight, said at NASA headquarters.

The most controversial aspect of the change is the appointment of Arnold Aldrich to become director of the shuttle program at NASA's Washington headquarters, taking over some of the responsibility that had been Mr. Truly's. Last year, Mr. Aldrich became manager of the shuttle program at Johnson Space Center in Houston. He has worked in NASA's manned space program since 1959 and is the highest-ranking official involved in the decision to launch Challenger who remains in a position of authority with the space agency.

Walker, U.S. Spy, Gets Life in Prison

BALTIMORE (AP) — John A. Walker Jr. was sentenced Thursday to life in prison for masterminding an espionage ring that sold military secrets to the Soviet Union for 17 years.

His son was sentenced to 25 years under a plea bargain, in return for John Walker's guilty plea, that prosecutors respected despite lingering questions about the case.

Judge Alexander Harvey 2d of the U.S. district court said he would recommend that Mr. Walker, 49, and his son, Michael, 24, serve their terms without the chance of parole. "In my opinion," the judge told the Walkers, "your espionage activities have caused a tremendous harm to the security of this nation."

For the Record

The Justice Department's criminal division is studying whether a special prosecutor should be appointed to investigate Lyn McFadden, a former political aide to President Ronald Reagan who allegedly lobbied the White House on behalf of a defense contract after leaving the government, a Justice Department spokesman said Thursday. (AP)

President Ronald Reagan signed a bill on Thursday overhauling U.S. immigration laws. The new law imposes fines on employers who knowingly hire illegal aliens but grants amnesty to millions of aliens who came without permission to the United States before Jan. 1, 1982. (Reuters)

A U.S. official, Chester A. Crocker, arrived in Sudan for a one-day visit Thursday, 24 hours after offering U.S. mediation in the civil war that is crippling the south. Mr. Crocker is assistant secretary of state for African affairs. (UPI)

IRAN: Exchange of Hostages for Weapons Is Reported

(Continued from page 1)

ing the release of 17 terrorists in Kuwaiti prisons. U.S. officials refused to discuss details of the release.

A similar shipment took place in July, another source said, around the time that Fathi Zeino was released. It is not clear what kind of military cargo was contained in the shipments, which sources said were purchased on the private arms market and eventually paid for by the Iranian government. The United States, sources said, had agreed not to interfere with such purchases.

Senior U.S. officials, including the president, have frequently said that U.S. policy precludes negotiating with terrorists or nations that support terrorism to obtain the freedom of American hostages.

Some State Department officials Wednesday expressed anger and resentment at what they asserted could be a reversal of that policy.

The idea of opening a channel for U.S. officials to discuss the hostages with the Iranians came last year from the Israelis, according to a report Wednesday from Israeli Radio by its Washington correspondent, Shimon Shiffer.

U.S. officials found out as a result of the June 1985 hijacking of a Trans World Airlines jet that Islamic Jihad would not respond to Syrian demands to free the hostages, according to informed U.S. sources. It was only after a top Iranian official intervened and traveled to Damascus that the first four hostages from the airliner were freed.

Pursuing the Israeli suggestion of a conduit to the Iranians, Mr. McFadden met in London with David Kimche, who at the time was director general of the Israeli Foreign Ministry, to discuss how to open the channel, Mr. Shiffer reported.

A secret supply of military equipment to the Iranians by the Israelis in 1981-82 has been publicly acknowledged by Ariel Sharon, who was then defense minister. His allegation that U.S. officials had been aware of details of the shipments was denied at the time by State Department spokesmen.

Since then, Reagan administration has publicly declared a policy of barring any shipments of U.S. military equipment to Iran or approving third countries selling U.S. surplus arms to Tehran.

Behind that public policy, sources said, the McFadden discussions were conducted without the knowledge of key State Department officials.

Hopes for Soviet Pullout From Afghanistan Appear to Fade

By Steven R. Weisman
New York Times Service

PESHAWAR, Pakistan — Pakistani and U.S. officials were voicing some optimism earlier this year about the possibility of a negotiated settlement to end the war in Afghanistan and bring a withdrawal of more than 100,000 Soviet troops.

But now the consensus in Pakistan is that the diplomatic and military stalemate is so severe that it is likely to prolong the war, which began months before Soviet troops moved across the border in large numbers in December 1979.

In the rugged hills and valleys of Afghanistan, just across the border from Peshawar, fighting erupted again this fall after what many said was a relative lull from spring to late summer. In early spring, Afghan rebels suffered greatly from Soviet bombing and artillery campaigns in civilian areas surrounding Soviet-controlled bases, supply centers, roads and cities.

The depopulation of much of the countryside made it more difficult for the guerrillas, or mujahidin, to obtain shelter, food and intelligence on Soviet troop movements from villagers. As a result, guerrilla leaders were forced to shift tactics, sometimes heeding the appeals of villagers not to attack at harvest time lest Soviet forces retaliate by destroying crops and homes.

By all accounts, the resumed fighting this fall around Kabul, the capital, and throughout the north has proven the resilience of the guerrillas, who are said to be receiving hundreds of millions of dollars a year in covert assistance from the United States and Arab countries.

Meanwhile, negotiations to end the war have dragged on for years under the auspices of the United Nations. There were grounds for hope last spring, but the

talks failed to achieve significant progress.

Many analysts say that the main reason the talks floundered is that they failed to address a central issue: the composition of the government after all outsiders end their support for the combatants.

The assumption widely held in Pakistan is that the rebels will never lay down their arms unless the Communists give up their control of Kabul.

The sense of hopelessness in the negotiations arises from the feeling that Russia is not ready to negotiate any significant changes in the composition of the government in Kabul. Nor does Moscow seem troubled by the cost of the war — keeping a friendly regime on its southern border seems of vital importance to the Kremlin.

Lately, in fact, Afghan watchers in Peshawar and in Islamabad and Washington have been fascinated by the troubles the Kabul Communists face in trying to win political acceptability in Afghanistan.

Major General Najibullah, who replaced Babrak Karmal as the Afghan leader in May, said recently that he would welcome into his government any political leaders now stationed outside the country. His comment was read in Pakistan as an appeal to guerrilla supporters to defect.

General Najibullah also has accelerated Kabul's promises to protect the sensitivities of Muslims in Afghanistan and to establish a network of community councils to give villagers a voice.

But few Afghans in Pakistan see any evidence that General Najibullah's tactics will work politically. Indeed the Afghan government seems more divided than ever.

There have always been two factions within the Communist Party in Afghanistan, and now there seem to be three because of rivalry between General Najibullah and Mr. Karmal.

For their part, the guerrillas remain plagued with problems. The seven major

groups have failed to coordinate their military strategies and they continue to engage in fierce battles among themselves.

■ Afghans Scuffle at UN

Afghan diplomats twice assaulted a visiting group of anti-government rebels at the United Nations on Thursday in an effort to block a news conference. The Associated Press reported, quoting a Pakistani diplomat accompanying the rebels.

The incident came a day after the General Assembly approved, 122-20, a resolution calling for immediate withdrawal of Soviet troops from Afghanistan.

Mansoor-Sulhai, press attaché of the Pakistani mission, said three members of the Afghan mission attacked two visiting rebels as they stepped off an escalator. The visitors retreated to the fourth floor but when they came back down they were again attacked. Security guards separated the combatants.

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NEWS ANALYSIS

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U.S. to Seek International Curbs to Protect Ozone

By Philip Shabecoff
New York Times Service

WASHINGTON — A draft assessment by the Environmental Protection Agency projects that the United States could have 40 million cases of skin cancer and 800,000 cancer deaths in the next 88 years because of depletion of atmospheric ozone. This would be more than double these two rates today.

The State Department, mean-

while, told U.S. embassies Tuesday that the Reagan administration would propose a "near-term freeze" on manufactured chemicals that deplete the ozone. The proposal is to be put forward in Geneva next month when the industrialized nations meet to seek an agreement on control of such chemicals.

For the longer term, the United States will ask for all or most emis-

sions of these gases to be gradually eliminated, according to environmental and industry representatives who were told about the State Department message on Tuesday.

The environmental agency's predictions on cancer is now under review by an independent panel of scientists. It presumes a continuation of the current growth in use of chlorofluorocarbons, manufac-

tured gases that break down ozone in the upper atmosphere.

Ozone acts as a shield, keeping much of the ultraviolet radiation from the sun from reaching the Earth.

Although ozone depletion is a global problem, no attempt was made by the agency to estimate the cancer risks worldwide.

The agency's cancer predictions are sharply higher than those from

such private groups as the Environmental Defense Fund, which recently estimated that ozone depletion would cause 1.4 million skin cancers in the next 40 years.

The agency also said that increasing ultraviolet radiation on the Earth would lead to a growing number of dysfunctions of the immune system and eye cataracts, rising losses of crops and forest products and a depletion of aquatic resources.

Officials of the agency cautioned that since the risk assessment was still under review by the agency's scientific advisory board, it was subject to revision. They also said that all estimates of skin cancer cases and deaths were subject to wide margins of error.

But agency officials said that if the results were supported after review, it would mean that controls would have to be quickly placed on the production of chlorofluorocarbons. The compounds are used in refrigerators and foams and, outside the United States, in aerosols. They are barred from most aerosols in the United States now.

The projection of 40 million skin cancer cases, of which 800,000 would lead to death, was described as neither a best case nor a worst case picture. Using as a base a substantially slower growth in the use of the chlorofluorocarbons, the agency found that the projected risks would be lowered by 90 percent. With faster growth in their use, cancer risks would increase fourfold, the agency projected.

The call for a worldwide freeze and eventual elimination of the use of substances that damage the ozone layer represents a shift for the administration, which has been saying further study is needed. It is reported to be the approach recommended by Lee M. Thomas, administrator of the Environmental Protection Agency, and supported by the State Department and the National Oceanic and Atmospheric Administration.

Environmentalists have urged the end of use of chlorofluorocarbons over 5 to 10 years.

MALAWI: Coup Plot Alleged

(Continued from Page 1)

bind documents this way. The style and language is there. It doesn't matter who alleges the document is false."

Mr. Botha said it was not clear from the documents who constituted the full Mozambican delegation, but he said that Prime Minister Mario Machingo was present. Emerson Mwanangaga, Zimbabwe's minister for state security, also was present, he said.

The "imminent" implementation of the plan, according to Mr. Botha, involved the massing of armed forces on the Malawian border, including Soviet and Cuban advisers.

Mr. Botha called the plans outlined in the minutes "diabolical and dangerous."

Shortly after the plane crash, Mozambican survivors said in Maputo that South African security forces combed the wreckage looking for documents while the evacuation of the survivors was delayed.

U.S. Alarmed by Lead Levels in Tap Water

By Michael Weisskopf
Washington Post Service

WASHINGTON — Nearly one of every five Americans served by public water systems consumes levels of lead in drinking water higher than those the U.S. government considers safe, the Environmental Protection Agency has reported.

The agency said Wednesday that it was considering rules to reduce by more than half the amount officially tolerated as safe.

The excess lead found in the drinking water of 38 million people nationwide accounts for slightly lower intelligence among 143,500 children every year, according to a draft copy of a new report by the agency.

It also accounts for 118,400 cases of hypertension, 75 strokes and 370 heart attacks among middle-aged white males, and higher risk of pregnancy complications among 62,000 women of child-bearing age, according to the agency's analysis.

The rules are now under consideration by the agency on the basis of requirements of the Safe Drinking Water Act. They have not yet been formally proposed.

The EPA, which said the health of millions of Americans was at risk, expects to make the proposals next year, officials said.

Under the proposals, which the officials said would become final in 1988, the amount of lead permissible in water flowing in taps in

bones would be reduced to 20 parts per million from the current standard of 50 parts per million.

According to the report Wednesday, the lower lead levels would mean a net saving in the country of \$800 million a year, half in health and remedial education costs and half in the cost of repairing pipes, water heaters, meters and other equipment corroded by water containing lead.

The primary source of lead in drinking water is the plumbing system of most American homes. Acidic, soft water dissolves lead in the solder connecting copper water pipes, resulting in contamination of tap water.

Lead, a potentially lethal poison, long has been known as the cause of serious health problems including growth and mental retardation, strokes, sterility, anemia, premature births, hypertension and heart attacks, when consumed in large doses.

Pope Will Visit 8 Cities in U.S. Next September

The Associated Press

WASHINGTON — Pope John Paul II will visit eight U.S. cities next year and celebrate a series of outdoor Masses such as the ones that drew millions of Americans during his 1979 trip, it was announced Wednesday.

The cities he will visit from Sept. 10 to Sept. 18 are Miami; Columbia, South Carolina; New Orleans; San Antonio, Texas; Phoenix, Arizona; Los Angeles; San Francisco; and Monterey, California.

In addition to the meetings with Catholic groups, John Paul also is to meet with Jewish leaders and take part in a prayer service with delegates of various faiths in South Carolina, according to the National Conference of Catholic Bishops.

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EUROPEAN TOPICS

Orkneys in Campaign Against Nuclear Plant

THURSO, Scotland — The Orkney Islands have asked Norway and Denmark to reclaim them after more than 500 years under British rule. It is a humorous attempt to emphasize their otherwise bitter opposition to the construction of a nuclear waste reprocessing plant on the nearby Scottish mainland. If the islands ceased to be British, the islanders say, the six-mile-wide (10-kilometer-wide) Pentland Firth dividing them from Scotland would become international waters, which would restrict radioactive discharges into the sea.

A petition signed by most of the 19,000 islanders stressed the islands' historic links to Scandinavia and "humbly" asked consideration on their constitutional status. The Orkney Islands, once ruled by the Vikings, came under the Scottish crown in 1472. A Danish official said there was no doubt the islands were constitutionally British. There was no immediate reaction from Norway.

Private Prisons Planned by France

PARIS — In an effort to cope with chronic prison overcrowding, the French government plans to contract for the building of about 60 private prisons during the next four years. About 50,000 inmates currently are jammed into prisons designed to hold a total of 32,500, and the number is growing.

Justice Minister Albin Chalandon expects to accommodate 25,000 prisoners in new private prisons and to create 10,000 more places in the public prison system. The new prisons would be built and managed by private contractors using private guards, although the government would retain overall control. The plan for private prisons would cost less than the construction of new public prisons, according to Mr. Chalandon.

The measure may run into trouble at the Constitutional Council and the Council of State,

which have to approve it before it goes to Parliament. The minister of social affairs already has pointed out that, under the constitution, private guards would have the right to go on strike. Guards in public prisons do not have that right.

Around Europe

BERN — The Swiss Army's 80,000 bicycles will be replaced before the year 2000 by lighter models, according to the Defense Ministry. The present black, single-speed army bicycle dates back to 1905 and weighs 22.5 kilograms (50 pounds). The army bikes are popular among civilians because of their sturdiness.



Swiss troops will be trading in their bicycles for newer and lighter models.

ROME — Italy's Radical Party has voted to postpone the dissolution of the party in favor of a new membership campaign. The party had said in July that it would dissolve itself, unless it managed to increase membership to 10,000 by the end of October. The membership went up from 2,356 to over 5,000, and the party's recent congress voted overwhelmingly to put off the 10,000-member deadline until the end of the year. It also voted to disband automatically if it did not reach the 10,000 mark by then.

REYKJAVIK — Gari Kasparov, the world chess champion, is to play a Soviet defector, Viktor Korchnoi, in a tournament here early next year, the Chess Federation of Iceland said Wednesday. In the past, the Soviet Union has threatened to withdraw its players from matches in which Mr. Korchnoi takes part. Apart from the 23-year-old Soviet champion, organizers said four of the world's top 12 grandmasters would take part in the Feb. 19 to March 3 tournament: Mr. Korchnoi, Jan Timman of the Netherlands, Nigel Short of Britain and Ljubomir Ljubojevic of Yugoslavia. The winner is to receive a prize of \$10,000, and the runner-up \$6,000.

BRUSSELS — In an effort to enhance the feeling of European identity among citizens of the European Community, EC ministers agreed this week to replace road signs at borders among its 12 member nations. As of Jan. 1, 1988, the familiar round, white, red-rimmed border-control signs will be replaced by a square, blue sign bearing the name of the country being entered in white letters encircled by 12 yellow stars — the Community's emblem. Officials said the new signs symbolized the fact that frontiers were being dispensed with. However, customs inspections themselves are still in the process of being phased out.

BOLZANO, Italy — Female members of the South Tyrolean People's Party in the northern Italian province of Bolzano complained at a party congress early this year that their husbands were so engaged in politics that they hardly spent any time with their families. The complaint did not go unheeded. The party leadership approved a resolution stating that as of Jan. 1, "every first weekend of the month will be exempt from political activities."

VIBORG, Denmark — The 325 postmen and women of this western Danish town will receive a course on dog psychology because about 65 of them have been bitten by dogs this year. Roger Abrantes, a behavior psychologist, said the best way to approach an aggressive dog is to crouch low, avoid smiling and make chewing sounds for 20 seconds. Mr. Abrantes has already given a course on dog psychology to readers of electricity meters.

—SYTSKE LOOLJEN

Soviet Arms Buildup Pressures Oslo to Beef Up Forces

By Peter Maass

OSLO — The Soviet military buildup on the Kola peninsula has heightened tension in the Nordic region and put pressure on Norway to strengthen its armed forces, according to senior government officials.

The improvements on the Kola peninsula, less than 62 miles (100 kilometers) from Norway's border in the Arctic, are jeopardizing Oslo's decades-old pursuit of a low-tension military region. And this is forcing the Labor government to deal with new calls for changes in the country's military stance toward the Soviet Union.

General Fredrik Bull-Hansen, Norway's most influential military officer, made an unprecedented public plea late last month for a doubling in the growth rate of military spending. He warned that current outlays would only cover the costs for an adequate defense of the northern half of Norway.

For 1986, the military budget is to total 15.9 billion kroner (\$2.11 billion), or an estimated 3 to 3.5 percent of the gross domestic product, which is a nation's economic output.

The general's request, however, was rejected as unrealistic by most politicians and failed to rouse much enthusiasm among the public, which strongly supports the country's dovish defense policy. But it reflects the unease felt within portions of the Norwegian military



and the North Atlantic Treaty Organization, of which Norway is a founding member.

"The time of low regional tension is over," warned a report this year by the Norwegian Foreign Policy Research Institute, a highly respected think tank. "We must be prepared to make the mental and psychological adjustments required for the difficult times ahead."

A senior Norwegian general said, "We could and should do more."

In the past two decades, the Kola peninsula has been built into the largest concentration of Soviet military power. It houses two-thirds of the Kremlin's submarine fleet and, in wartime, would be used for launching aircraft raids on the United States.

According to senior NATO officials,

this has radically increased the strategic value of Norway and the Norwegian Sea. In a war, the Russians would need to control northern Norway to effectively use the Kola installations for disrupting the U.S.-European sea lanes and for bombing America.

But if the Russians were prevented from gaining control of northern Norway, the Kola fleet would be bottled up.

"Norway has moved from being on the flank of a conflict to being at the center of it," said a Western diplomat. Reflecting a concern that Norway's defense policy is outdated, he added, "We're not sure that the Norwegians are aware of what's happened."

Since World War II, Norway has followed a policy often called "Nordpolitik," which tries to foster friendly relations with Moscow by avoiding any provocative military actions. Oslo has refused to allow nuclear weapons or the permanent stationing of NATO troops on its soil, for example, and forbids any military maneuvers near its 122-mile Soviet border.

Such policies are popular in Norway and won't change in the foreseeable future, analysts say. But more subtle changes are being urged on the government, which remains cautious.

"If we do something that could be seen as drastic, that could lead to an increased number of Soviet forces in this area," said a senior Defense Ministry official. "Then

we are not better off than when we started."

Mainstream politicians oppose any sharp increase in military spending, mainly because of the message that such a move would send to Moscow, but also because the fall in world oil prices has slashed the government's annual revenue.

Instead, the government appears to be reacting to the Kola buildup by focusing on increased cooperation with its NATO partners. For example, the frequency and scope of NATO maneuvers in the Norwegian Sea has slowly increased, civilian and military officials say.

Oslo has agreed to store ammunition and equipment for a U.S. Marine amphibious brigade that would be deployed in Norway during a crisis or war.

NATO officials acknowledge that in wartime the defense of Norway would depend on speedy reinforcements from other NATO countries, notably the United States.

The Western diplomat said the Norwegians' cautious military policy "argues against the specific steps to ensure that those reinforcements take place quickly."

Tory Accusations Of Bias in News Rejected by BBC

New York Times Service

LONDON — The British Broadcasting Corp. has rejected Conservative Party allegations of bias in its news coverage, cautioning that it would "resist undue influence from any political party."

In a rebuttal signed Wednesday by Marmaduke Hussey, the new chairman of the BBC's board of governors, the network defended its coverage of the U.S. bombing raids in Libya in April as a "fair, accurate and thoroughly professional approach."

The coverage had been criticized as an unjournalistic exercise that revealed a bias against the government of Prime Minister Margaret Thatcher, who permitted the United States to use British bases for the bombing.

But the BBC responded: "We vigorously reject the suggestion that either consciously or by accident, the BBC correspondents, editors and scriptwriters fail to meet the high standards of impartiality which we guard so jealously."



Bill Cotton, managing director of BBC television, at a press conference at which he rejected bias allegations.

The prominence of Mr. Hussey in the defense was considered significant, since it had been rumored that he was appointed by Mrs. Thatcher to serve as a more critical, day-to-day manager of BBC policy.

France Deports 6 Spaniards

Reuters

MADRID — Prime Minister Jacques Chirac of France began his first visit to Madrid on Thursday after France expelled six Spaniards to Spain in its toughest action yet against suspected Basque separatist guerrillas.

Four of the six were high-ranking members of the Basque extremist group ETA, police sources said. They were detained in a police raid on Wednesday and turned over Thursday to Spanish authorities.

Heavy security surrounded Mr. Chirac's visit after ETA, the Basque-language acronym for Basque Homeland and Freedom, had threatened revenge.

Relations between France and Spain, once soured by Spanish accusations that ETA freely used southwest France as a sanctuary in its war for Basque independence, have gone from stormy to cordial since President Francois Mitterrand started a crackdown four years ago on separatists.

France has deported 22 Basques to Spain since it started a policy of summary expulsions in July. But

the group deported on Thursday was the largest single group.

The French raid on Wednesday at a furniture factory near the Spanish border yielded crucial information on planned ETA attacks in Madrid and Barcelona, police sources said. Police also found large sums of money, police uniforms and weapons, including launchers for advanced heat-guided missiles.

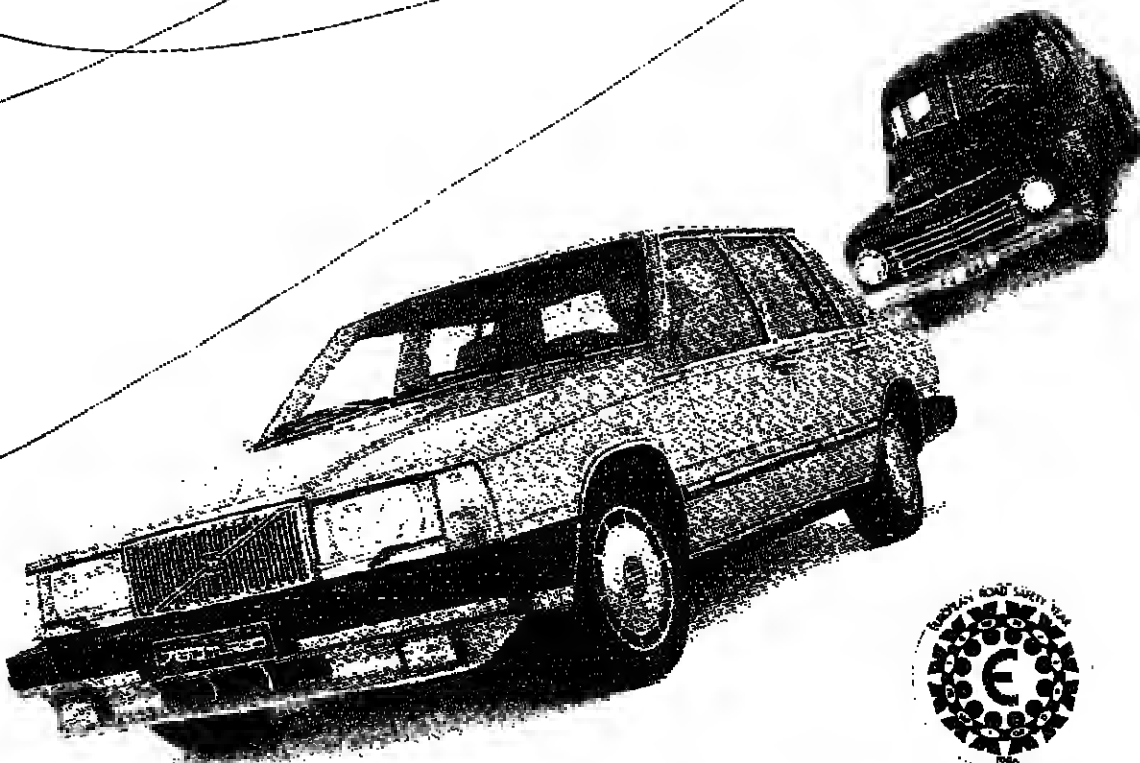
Advertisement for Quimper Faïence, featuring an illustration of a woman and a child, and text: "Visit our shop Monday thru Sunday, 11 a.m. - 7 p.m. 84 Rue Saint-Martin, 75004 Paris. Tel.: (1) 42.73.93.03."

Advertisement for Piaget Montre-Carlo, featuring an image of a watch and text: "18 carat gold quartz water-resistant. Tax free for export. Piaget Montre-Carlo sa. 3, avenue des Beaux-Arts MONTE-CARLO 98000."

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Volvo logo and text: "VOLVO Making Cars Safer"

Facts and figures differ from one model to another and from one model to another. The specifications of the Volvo 760 may vary from market to market. The Volvo PV 444, introduced in 1944, was the first post-war automobile to be made at the Volvo factories. Volvo Car Corporation S-405 08 Göteborg, Sweden

INTERNATIONAL Herald Tribune

A Time for Compromise

After six years of Reagan conservatism, the new Democratic majority of 55 senators will powerfully revitalize people who have lately been ashamed to be labeled — well, call it the L-word. What an error it would be, however, to look at Tuesday's election results and see only the resurgence of liberals. The voters sent messages to both sides.

The Real Opposition

The predictors were, as usual, wrong — or at least not quite right. Just as the Republican capture of the Senate in 1980 had been pretty much unforeseen, so was Tuesday's outcome. The Democrats won a handsome victory in the Senate, not even close to being the squeaker we all foresaw.

Other Comment

Reagan and the Elections
Has the old magician finally lost his touch, now that he too has discovered what it is like to lose an election? At first glance it looks like it. The Republican Party invested countless millions of dollars, and President Reagan huge quantities of his miraculous personal appeal in the campaign for Tuesday's U.S. midterm elections.

the president has yet plausibly to define. The bardest issues will remain economic, starting with new pressure for barriers to foreign trade. Some Democratic candidates assailed the administration's support of open trade. The president wisely vetoed protectionist legislation for textiles, apparel and shoes, and lobbied hard to defeat a harsh, catchall protectionist bill in the Senate.

The Reagan Wave Has Crested

By Anthony Lewis

BOSTON — So the much-criticized 1986 election turned out to mean something after all. It told us that the movement of the radical right, brought to power by Ronald Reagan, has crested and fallen back.

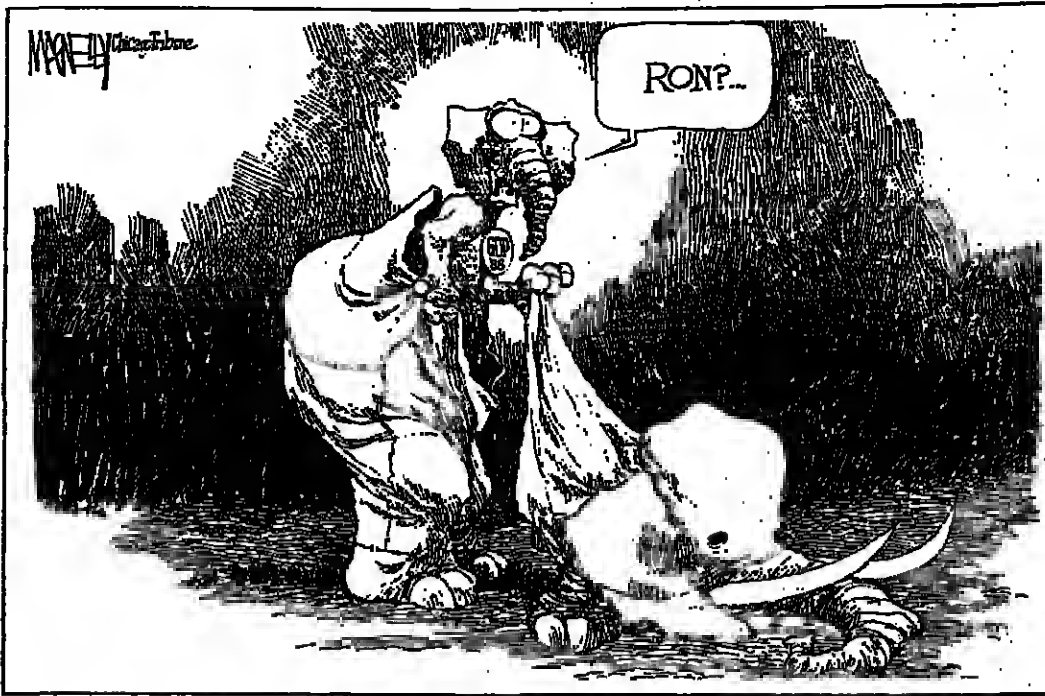
incurious about the Reagan administration's involvement in secret terrorist wars around the world. Senate committees, for example, could start to get serious about discovering who was behind those flights to the Nicaraguan "contras." They could subpoena Oliver North, the National Security Council aide thought to be involved with the contras; they could subpoena Vice President Bush's friend Max Gomez.

then what other Republican possibilities gained? Jack Kemp? Pat Robertson? George Bush? Among Democrats the big winner was the South as a region. In defeating four incumbent Republican senators, Southerners showed again that they are crucial to national success for the Democrats.

American Politics Returns, Alas, to Its Natural State

By William Safire

WASHINGTON — American politics has returned to its natural state: a Republican president sparring with a Democratic Congress. Comes 1988, the Republicans will have held the White House for 24 years.



the Senate. Take your choice of several lumpy smoke screens: 1. Voters threw a hate on statewide incumbents of both parties. Look at all those Democratic governors who were dumped for new Republican faces.

Reykjavik Confirms Reagan's Evolution on Security

By Arthur Macy Cox

WASHINGTON — The nuclear arms talks that Secretary of State George Shultz has been holding this week in Vienna with the Soviet foreign minister, Eduard Shevardnadze, are further evidence of the significant evolution taking place within the Reagan administration.

What became clear is that Reagan does not share the ideologues' goal of overwhelming nuclear superiority. In 1983, he supplemented these visions with a plan for a strategic defense against nuclear weapons and announced that if such a defense proved feasible he would share the technology with the Soviet Union.

ing him not to compromise on the Strategic Defense Initiative and to move forward immediately in deploying its first elements. The authors know that such deployment would violate, and effectively terminate, the ABM treaty and thus probably ball all arms control talks.

tant achievement of last year's summit meeting in Geneva was the agreement that "nuclear wars cannot be won and must never be fought." The Reykjavik meeting could allow that understanding to be implemented. The president and Mr. Shultz have shown that they have no illusions about the political utility of nuclear weapons except for the deterrence of war.

Freer Airwaves: Gorbachev's Bluff Should Be Called

By Carnes Lord

WASHINGTON — Perhaps the most startling post-Reykjavik revelation is the news of a Soviet proposal — repeated recently by Mikhail Gorbachev — to increase competition between the two countries in the areas of information, culture and ideas.

There is an opportunity to press the U.S. case against Soviet jamming. important, therefore, to be aware of the traps and opportunities it offers. The principal trap is that of engaging the Soviets on their chosen ground. The demand for access to the medium-wave radio market in the United States is a nonstarter.

Soviet bluff. The United States should make clear that it rejects the Soviet insinuation that the American public's access to information is hostage to government action. Attention should be called forcefully to the spreading presence of Soviet spies on the American airwaves and the absence of their counterparts in the Soviet Union.

LETTER

What Would SDI Defend? Since Reykjavik, everybody from Mikhail Gorbachev to Time magazine to Flora Lewis has asked: What would the Strategic Defense Initiative defend against if Soviet ballistic missiles were eliminated? The counterpart has been less heard: What would SDI be defending if U.S. missile silos were empty, given that nobody seriously sees the original civil defense version of the space-based program as feasible?

ERIC FENSTER, Montreal, France.

INTERNATIONAL HERALD TRIBUNE
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Handwritten signature: J. J. J.

THE MIDTERM ELECTIONS: A new visibility for Democrats and their ideas

President Vows to Push Through His 'Revolution'

By Lou Cannon Washington Post Service WASHINGTON — President Ronald Reagan, trying to rally Republican spirits in the face of a decisive defeat in the Senate elections, has vowed "to complete the revolution that we have so well begun."

In a speech to White House aides that was alternately defiant and conciliatory, Mr. Reagan pledged to push forward with an agenda of reducing domestic government spending, maintaining "our military preparedness" and pursuing new arms control agreements with the Soviet Union that will allow deployment of missile-defense systems.

"For this administration," Mr. Reagan said, "peace through strength is more than a policy, it's a promise — a promise we've made to the people and a promise we intend to keep."

But the president also held out an olive branch to Democrats who defeated Republican candidates for whom he campaigned vigorously in the weeks before the election. Facing a Senate now dominated 55-45 by Democrats, he congratulated the winners and said he looked forward to a period of "hard work and bipartisan cooperation."

A number of the legislative initiatives most important to Mr. Reagan — including military aid for the anti-Sandinist "contra" rebels in Nicaragua, and full funding of the Strategic Defense Initiative, which Mr. Reagan vowed Wednesday to continue — were decided by fewer than 10 votes in the Senate this year.

Mr. Reagan's speech, designed to cheer up aides and demonstrate that he has no intention of becoming a quiescent lame duck during his last two years in office, contrasted sharply with the message of his closing campaign speeches.

In the week before the election, Mr. Reagan campaigned for nine Republican Senate candidates — six of them incumbent senators. Eight were defeated; Senator Steven D. Symms of Idaho won a narrow victory.

Beginning on Oct. 23 on the White House South Lawn, Mr. Reagan used a standard speech that attempted to make the election a referendum on his policies.

Overall, he campaigned for Senate candidates in 13 states and came up with only four victories to show for it. The Republican candidate to Indiana's 8th Congressional District, the only place where Mr. Reagan campaigned solely for a House of Representatives candidate, also was defeated.

White House strategists tried to mitigate the president's lack of effectiveness by saying he had boosted the vote totals for many of the defeated Senate candidates.

However, analysts for both parties said before the election that Republican candidates in many of these states were involved in extremely close races even before Mr. Reagan campaigned for them.

The White House political director, Mitchell E. Daniels Jr., cited results showing that in the three previous elections, Republicans had won 17 of 21 Senate elections decided by two percentage points or less, and that this time, the Republicans had lost all six such razor-close races.

He said that a switch of fewer than 30,000 votes in five of the closest Senate races — Alabama, Colorado, Georgia, North Dakota and South Dakota — would have kept the Senate in Republican hands.

White House officials made much of their less-than-usual losses in the House and celebrated a net gain of eight Republican governorships and the control of statehouses in the key Sun Belt states of California, Texas and Florida.

However, these officials acknowledged that Democratic control of the Senate posed serious problems for the White House in the next two years.

"Hell, yes, it's difficult," said Dennis Thomas, a deputy to the White House chief of staff, Donald T. Regan. "But we're not going to change our agenda or shrink from the challenge."

Because 22 of the 34 Senate seats that were decided Tuesday were in Republican hands to begin with and because a number of races appeared exceptionally close, White House officials said they were not surprised by the loss of Senate control.

What did surprise them, and what appeared particularly to impel the Reagan agenda, they said, was the extent of the defeat.

While officials maintained that the president's agenda will remain unchanged, they said that the tactics for accomplishing it will necessarily be altered by the Republican loss of the Senate.

"We'll have to build regional and issue coalitions rather than partisan ones," said a White House official.

Trying to build coalitions that cut across party lines could test the White House staff's ingenuity and resources and Mr. Reagan's ability to forge a working relationship with Democratic leaders.

The chief of staff and the Senate majority leader, Bob Dole of Kansas, worked together effectively this year on major legislation after a rocky period at the onset of Mr. Reagan's second term in 1985.



Senator George J. Mitchell of Maine, chairman of the Senate Democratic Campaign Committee, gave Senator Robert C. Byrd a jacket to mark the party's victory.

In Senate, Power Brings Risks Democrats Now Have to Make Some Tough Decisions

By Steven V. Roberts New York Times Service WASHINGTON — By recapturing control of the Senate, the Democrats have a new and more visible platform from which to advance party ideas and personalities in the final two years of Ronald Reagan's presidency and in the campaign to replace him.

There was speculation that the party's victory in the elections Tuesday might lead to legislative gridlock with the White House or to a form of coalition government in which the Democrats would be forced to share power with the Republicans.

But regardless of whether its gridlock or coalition, a rejuvenated Democratic Party is taking center stage on Capitol Hill and is starting to play out a drama of power and ambition within its own ranks.

New committee chairmen will be in a position to set the legislative agenda on a wide range of issues, from trade with Asia to support for the Nicaraguan rebels, known as "contras."

Even more important, the Democrats will be able to modify many initiatives from the White House, particularly Mr. Reagan's drive to fill the federal judiciary with conservative nominees.

The victory also means that the party will be choosing a majority leader later this month, a far richer prize than leader of the Senate minority.

Senator Robert C. Byrd of West Virginia, the party leader for the last 10 years, said Wednesday that he had enough votes to win it, but Senator J. Bennett Johnston of Louisiana repeated his intention to challenge Mr. Byrd for the top job.

From a political standpoint, rising stars such as Sam Nunn of Georgia and Joseph R. Biden Jr. of Delaware could attract more public attention and enhance their chances for a spot on the party's ticket in 1988.

With an edge of 55 seats to 45 in the Senate, including sweeping gains in the South and a strong showing in usually Republican states in the West, Democrats argued that the elections marked the end of Mr. Reagan's control over the national political debate and the limits of his hopes for creating a new and lasting Republican majority.

"We can say it all in four words: The Democrats are back," said Paul G. Kirk Jr., the Democratic national chairman, recalling Mr. Reagan's successful slogan in the 1984 elections.

The retiring House speaker, Thomas P. O'Neill Jr. of Massachusetts, who savored Democratic gains that came in his final year in public life, said, "It there was a Reagan Revolution, it's over."

But leadership also carries with it political risks. As Senator John Heinz of Pennsylvania, chairman of the National Republican Senatorial Committee, said Wednesday, many Republican senators who

lost in the vote Tuesday "paid a price" for making "very tough choices" in the battle against budget deficits in recent years.

Now, he said, the Democrats will have to make those choices, and the Republicans will be free to sit back and criticize.

Analysts from both parties agreed that the Democrats' power to enact their own agenda would be limited by budget constraints, internal divisions within their own party, and the continued presence of the White House of a president who remains the single most potent political force in the nation.

Moreover, even with their voting edge in the Senate, the Democrats will not have an automatic majority on every issue and will have to reach across the aisle for help.

"They have 55 seats," said Senator Bob Dole of Kansas, who will now become minority leader, "but they don't have enough without Republican help in some areas."

Thus the Democrats in the legislative branch and the Republicans in the executive branch will each hold a veto over many initiatives advanced by the other side.

Accordingly, the next Congress will resemble the last one in that most major legislation will have to command broad, bipartisan support to become law.

The Democratic victory does not signal a sharp swing to the left. Many of the new senators come from the moderate to conservative wing of the party.

Controlling the committee chairmanships as well as the majority leader's job will give the Democrats the power to schedule particular bills, and settle others.

As Mr. Dole put it, "From the standpoint of setting the agenda, it's a very significant change."

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He chose to concentrate on the Labor Committee after the Republicans took control in 1980, apparently because he felt he could have more impact on Reagan policies as the senior minority member of that panel.

Mr. Kennedy said Wednesday that he had not decided which chairmanship to take.

He could use either to make a statement about his brand of political ideology, to thrust favorite issues to the fore and, perhaps, to advance another quest for the presidency.

If he takes the Judiciary Committee, he could be the Democratic point man in an effort to prevent President Ronald Reagan from appointing additional conservative judges over the next two years, particularly if vacancies occur on the Supreme Court.

On the other hand, the labor chairmanship would allow him to spend his efforts on designing or redesigning many federal benefit programs.

The risk, in either case, would be how far to the left he is inclined. In the past, he has been seen by many voters and legislators as too liberal on social and judicial issues.

Mr. Kennedy's decision also could affect two other senators, one of whom, Mr. Biden of Delaware, has also been mentioned as a possible presidential candidate.

If Mr. Kennedy takes labor, Mr. Biden would be in line to be chairman of judiciary.

But some senators said Mr. Biden might prefer not to be chairman of that committee because it could force him to take some politically damaging stands.

If Mr. Kennedy takes the judiciary post, Senator Howard M. Metzenbaum of Ohio would then become labor chairman.

Until now, he has been a vocal critic of efforts to cut back many federal programs under the committee's jurisdiction but has not had a chance to set the Senate's agenda in this area.

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For Some Democrats, Race for '88 Is On

By Jonathan Fuerbringer New York Times Service

WASHINGTON — Democratic legislators with presidential ambitions as well as those who seek no more than power and fame on Capitol Hill all stand to benefit as their party retakes control of the Senate.

The political limelight in the next two years will probably shine especially bright on Edward M. Kennedy of Massachusetts, Sam Nunn of Georgia, Joseph R. Biden Jr. of Delaware and Lloyd Bentsen of Texas.

Each may take control of a key Senate committee, getting a chance to influence the congressional agenda.

And each is known to aspire to the presidency or to flexing more political muscle in Congress.

But they face risks, too, for they will be blamed if they fail to move toward resolving problems facing Congress and the nation.

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He chose to concentrate on the Labor Committee after the Republicans took control in 1980, apparently because he felt he could have more impact on Reagan policies as the senior minority member of that panel.

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come under scrutiny not just as a legislator but also as a possible presidential contender when he takes over as chairman of the Armed Services Committee, a job that will put him in the middle of two of next year's most important issues: the Pentagon budget and arms control.

With his new chairmanship, he is likely to become the chief Democratic spokesman on these issues.

Of course, the Democratic takeover swings the spotlight away from Republicans who have used it to make names for themselves, especially Bob Dole of Kansas, the majority leader, and Richard G. Lugar, who headed the Foreign Relations Committee.

For Mr. Dole, the loss of the majority leader's job may allow him to spend more time on his quest for the Republican presidential nomination.

The new chairmanships will also push some relatively new faces into the spotlight.

Senator David L. Boren of Oklahoma is expected to become chairman of the Intelligence Committee.

Mr. Boren is the sixth-ranking of seven Democrats on the committee, but four of the senators ahead of him are taking other chairmanships and the fifth retired.

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Malaysian Plan to Tighten Secrets Act Is Assailed

By Michael Richardson
International Herald Tribune
SINGAPORE — Journalists and other groups in Malaysia campaigning against a proposal to tighten the official secrets act have accused the Malaysian government of making a wide-ranging assault on freedom.

Amendments to the act introduced in Parliament in Kuala Lumpur late last month seek to change the law by including a broad definition of official secrets.

They would also make it obligatory for courts to sentence offend-

ers — those found guilty of disclosing or receiving information deemed secret — to jail for one to 14 years.

Under the present act, the courts have the right to impose penalties of imprisonment, fines or both.

In a recent statement, Malaysia's National Union of Journalists branded the amendments repressive, undemocratic and contrary to guarantees of freedom of speech in the Constitution. It also asserted that they would curtail the independence of the judiciary.

In introducing the bill, Abdul

Adjih Ahmad, a minister in the prime minister's office, said the amendments would be debated in Parliament next month.

He did not say why the government felt it necessary to amend the law, but Abu Talib Othman, Malaysia's attorney general, said in a television interview in May that changes would be designed to safeguard all secret government information because only the government knew whether such material should be made public.

He asserted that a mandatory prison sentence was needed because previous measures had not been effective.

Diplomats contacted Thursday by telephone in Kuala Lumpur said the changes to the law were tougher than those proposed earlier in the year by government spokesmen, but which were deferred following public objections.

They said the move appeared to be part of a post-election crackdown by Prime Minister Mahathir bin Mohamad against critics he claims are undermining his government's credibility and the national interest.

Opposition sources in Malaysia allege that Mr. Mahathir is becoming increasingly dictatorial. The proposals are causing some unease within his coalition government.

A junior party in the coalition urged the government on Sunday

to withdraw the bill or refer it to a parliamentary select committee.

Lim Kang Yik, president of the Gerakan Party and a cabinet minister, said his party's members of Parliament would "take all necessary steps" to narrow down the definition of official secrets and have the proposal for mandatory imprisonment withdrawn.

Mr. Mahathir upset early all forecasts, including those in the foreign press, by leading his National Front coalition to a sweeping victory in general elections in August. The government won 148 of the 177 seats in Parliament.

It had been widely predicted that the coalition would lose its two-thirds majority because of persistent allegations of corruption, several major scandals involving the government, the resignation of deputy Prime Minister Musa Hitam in February, and a recession that has increased unemployment and lowered living standards.

The front is an alliance of 13 parties representing the three main racial groups in Malaysia: Malays, Chinese and Indians. But Mr. Mahathir's party, the United Malays National Organization, is the major partner. It won 83 of the 84 seats it contested.

Shortly after gaining his mandate for another five-year term, the prime minister shuffled his cabinet

to strengthen his grip on power, analysts said.

In September, the government ordered two resident American reporters for The Asian Wall Street Journal out of the country and suspended sales of the business daily for three months. The order used to expel one of the journalists was quashed this week by the Supreme Court, but the matter was academic because his work permit was not renewed. It was unclear how the ruling would affect the other correspondent.

Mr. Mahathir alleged that he and Daim Zainuddin, his finance minister, had been wrongly "vilified" by the paper.

He said this was part of a trend in the foreign press to publish negative articles about Malaysia, where about half the population are Moslems and Islam is the official religion.

He linked this to Jewish control of "many famous international publications" in the West, adding that these foreign papers were controlled by Zionist forces.

The Malaysian leader said he regretted the attitude of some local journalists that "newspapers were not newspapers if they always supported the government."

The important thing, he contended, was not whether a newspaper was free, but whether such an influential tool was used for good purposes.

In an editorial last weekend on the proposed amendments to the official secrets act, Malaysia's Sunday Star newspaper said the government evidently expected citizens to have "unwavering faith in the executive."

The paper accused the government of trying to run through "draconian amendments to an already pernicious law."



Bob Martinez of Florida is the first Hispanic American to be elected a governor.

ELECTION BRIEFS

Democrats Call 'Realignment' Dead

ATLANTA (NYT) — Eloquent Democrats here said Wednesday that their sweep of seven Senate seats across the South, including four seats held by Republicans, should help bury the idea of any lasting Republican "realignment" among conservative voters in the region.

The Democratic gains in the South wiped out a good share of the Republican Senate advances in 1980, returning Georgia, Alabama, Florida and North Carolina to the Democratic column. Meanwhile, Democrats retained seats in Louisiana, South Carolina and Arkansas.

But the results in both House and gubernatorial races similarly suggest that Southern voters are still willing to split their tickets on behalf of certain Republican candidates.

"Those questions about Republican realignment are long gone," said Bobby Kahn, executive director of the Democratic Party in Georgia. "And unless we have a disastrous national Democratic ticket like we had in 1984, I predict even more gains for Democrats in 1988."

Texas Winner Faces New Foe: Deficit

AUSTIN, TEXAS (NYT) — The morning after he unseated Governor Mark W. White Jr., William Clements said that he would appoint a panel of 40 or 50 prominent Texans to develop a plan for the state to recover from its grave fiscal troubles.

Mr. Clements, 68, savored the revenge of defeating Mr. White, the 46-year-old Democrat who had defeated him four years ago. But his comments served to underscore the harsh reality that the new governor will face in January. The state faces a deficit of about \$5 billion for the next two-year budget and still has to find \$1 billion more by next August, just to pay current bills.

Politically, the election changed little here except the occupant of the governor's office. Democrats held on to all other major offices. Ticket splitting was widespread, for incumbent Democrats won every major statewide office except governor. There was no change in the makeup of the state's congressional delegation: 17 Democrats and 10 Republicans. All 26 incumbents won re-election, including the six freshman Republicans elected in the Reagan landslide in 1984.

Voter Turnout Lowest in 44 Years

WASHINGTON (UPI) — Just 37.3 percent of the nation's eligible voters went to the polls, the lowest turnout in 44 years, an election analyst said Wednesday.

Curtis Gans, of the Committee for the Study of the American Electorate, reported the results. "They voted with their bottoms on this election," he said. "They sat it out."

Overall, 66.24 million Americans voted and 112.1 million who were eligible did not vote, he said, blaming the poor turnout in part on lackluster races in some of the most populous states.

In 1982, the last off-year election, 41.1 percent of eligible voters went to the polls. In 1978, 37.7 percent turned out. The 37.3 percent figure for 1986 represents the lowest turnout since 1942, Mr. Gans said.

SIGNAL: Vote Clouds '88 Outlook

(Continued from Page 1)

both parties, with a handful of test-bed veterans vying against ambitious newcomers who gained confidence and, in some cases, improved credentials by their roles in the midterm campaign.

A final political challenge for Mr. Reagan, whose marathon campaigning failed to save the Senate for the Republicans but left most Democrats still wary that he will fight to keep the White House from their hands.

The surprising scale of the Democrats' Senate gains made it far less likely that Republicans can retake that body in two years, when 19 Democrats and 14 Republicans face the voters. With the House of Representatives securely in Democratic hands at least until the reapportionment that will follow the 1990 census, that means the presidency becomes more of a prize than usual.

Preliminary assessments were that the ideological balance within the two parties had not changed dramatically — despite the election of 12 new Republican and 9 new Democratic governors, and 13 new Democratic senators in the Senate, 11 of them Democrats.

It was the venues in which they won that underlined so dramatically that there are few "safe harbors" in American politics today:

- Republicans won governorships for the first time in Alabama and the second time ever in Florida, Texas and South Carolina.
- Democrats captured Senate seats in North Dakota, South Dakota and Nevada, where Mr. Reagan's margins obliterated the Democratic contenders in 1980 and 1984.
- A black Democrat won for the first time in the Mississippi Delta.
- A white Republican won for the first time against a black in the Cajun country of Louisiana.
- Ticket-splitting was rife. In Maine, a Republican governor swapped jobs with a Democrat in Florida, voters gave the Democrats gubernatorships to Republicans and the Republican Senate seats to the Democrats.
- Democrats gained about 150 additional seats in the state legislatures, even as they suffered a net loss of eight governorships. As 1990 approaches, control of legisla-

tures becomes a key to the redrawing of congressional and legislative district lines. The Democrats own control both houses in 28 states, the Republicans in only nine.

Many observers in both parties agreed that the shift of Senate control preceding an election without an incumbent president on the ballot makes it likely that 1988 will be a "big-issue" contest, one that will set a new agenda for government.

Some said they welcomed it. Gary Hart, Colorado's retiring senator who led in the early polls for the 1984 Democratic presidential nomination, said: "The message for our party is 'Have a message.' We have a greater burden not just to oppose Ronald Reagan but to pot forward concrete proposals of our own."

Representative Richard A. Gephardt of Missouri, chairman of the House Democratic caucus and one of several likely dark-horse challengers for the party's presidential nomination, said that such initiatives would be offered on education, trade and agriculture issues early in the 100th Congress.

The Democratic winners in many states, including North and South Dakota, Maryland, North Carolina, Georgia and Washington, were either the most liberal members of their House delegations, self-described populists or retrads from the 1960s. Yet many of them conspicuously blunted their past views and were selective in their challenges to the prevailing sentiments in their states.

Senator Joseph R. Biden Jr. of Delaware, a Democratic presidential hopeful who campaigned in about 25 states, noted that many candidates had done "a lot of trimming of traditional liberal sails."

He warned the liberals in his party against shaping a legislative program on the assumption "that all you have to do is for peace, love, brotherhood, the poor and arms control at any price." The voters, he said, "are looking for balance in the ideological sense as well as the political sense."

However, Senator Edward M. Kennedy of Massachusetts, who is certain to be a noticeable figure in the restored Democratic Senate, said he saw "the historical Democratic alliance" revived by the election returns.

Black Vote Called Crucial in 4 States

New York Times Service

NEW YORK — Democrats owe their new majority in the Senate, at least in part, to the black vote. According to political analysts and reviews of the polls of voters, the black vote was crucial in four of the eight states the Democrats took from Republicans to regain control of the Senate in Tuesday's elections.

In Alabama, North Carolina, Louisiana and California the black vote was so heavily Democratic, according to the polling data, that it helped to stanch a substantial flow of white votes to Republican candidates.

Without the black vote in each of those key races, the Republican candidate would have won, in some cases by a substantial margin, according to a CBS News poll of voters who had cast their ballots.

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ARMS: U.S.-Soviet Talks Collapse

(Continued from Page 1)

"never came up." He also said no new date has been set for another round of talks between himself and Mr. Shevardnadze.

"If we couldn't even decide about a meeting of ministers," Mr. Shevardnadze said, "how could we talk about a summit meeting?"

Mr. Shevardnadze said Moscow planned to present detailed arms reduction proposals at a special full session of the Geneva arms talks on Friday.

Mr. Shevardnadze said the Soviet proposals "will be guided by the decisions that were made in Reykjavik."

"We just couldn't get them to come to grips with what we thought was necessary to make progress," said the special presidential arms control adviser, Edward L. Rowley.

But Mr. Shevardnadze is appearing just before boarding a plane for Moscow, smiled often and generally appeared upbeat. "We would not say that the spirit of Reykjavik is dead," he said, adding, "we want to continue the dialogue."

Mr. Shultz said he had come to Vienna with papers spelling out precisely the U.S. view of what Mr. Reagan and Mr. Gorbachev had agreed to at Reykjavik and what the positions of the two sides were on their outstanding differences. But, he said, "We found it difficult to engage them in a discussion of all these various issues."

CRASH: 45 on Copter Feared Dead

(Continued from Page 1)

Scotland and their homes, according to government officials.

The weather was reported typical for the North Sea at this time of year, with gale-force gusts, showers and rough seas.

Aviation officials said it would be the worst civilian helicopter crash in history, with a higher death toll than the 30 who perished off western England in 1983. Eighty-four people died in a military helicopter crash in Nicaragua in 1982. In July 1979, 20 oil rig workers died in the North Sea and 30 survived when an airliner crashed after it overran the landing field at Sumburgh.

DOONESBURY



Minorities Scored Gains In U.S. Vote

By Jim Drinkard
The Associated Press

WASHINGTON — Mississippi elected its first black congressman in 102 years, Florida chose its first Hispanic governor and a Colorado Indian defeated a cowboy for a congressional seat as minorities made electoral gains all over the United States.

The victory of Mike Espy, a lawyer from Yazoo City, Mississippi, topped the list of black winners in the House of Representatives, where the number of black-held seats rose from 20 to 22. A 23rd black, Walter E. Fauntroy, is the outgoing delegate to Congress from the District of Columbia.

"Mississippi has matured a little bit," Mr. Espy, 33, said after he was declared the victor over William W. Franklin, the two-term incumbent. "There is no question but that I got some white votes."

Three other black newcomers were elected to House seats in Tuesday's balloting, and 18 black incumbents experienced little trouble in their re-election bids. All 22 are Democrats.

Joining Mr. Espy as freshmen in the 100th Congress will be Kwesi Mfume of Maryland, a Baltimore city councilman who will succeed Representative Patren J. Mitchell, the Reverend Floyd Flake, who won the Democratic primary in Queens, New York, against Representative Alton Waldron, and John Lewis, who won the Atlanta seat being vacated by Wyche Fowler Jr., a successful Senate candidate.

The Reverend Jesse L. Jackson gave blacks credit for having a decisive role in electing new Democratic senators in Maryland, North Carolina, Florida and Louisiana.

Blacks lost in their only two bids for governorships. William Lucas, a Republican, lost in Michigan to James J. Blanchard, the incumbent, and Mayor Tom Bradley of Los Angeles, a Democrat, lost to George Deukmejian, the incumbent, in California. The only black candidate involved in Senate elections Tuesday was write-in hopeful, Terry Lee Williams, who lost in Utah.

The victory in Florida of Bob Martinez, a Tampa Republican, over Steve Fajic, a Democrat, occurred with the aid of a united party and the tacit endorsement of the state attorney general, Jim Smith, who failed to support Mr. Fajic after losing to him in the primary.

RAMOS: Warning on Plot

(Continued from Page 1)

port itself was leaked by high-ranking officers close to General Ramos.

"Ramos stressed that the new armed forces of the Philippines has nothing to do with such an alleged plot," the statement said.

It emphasized the preservation of unity within the military and strict observance of the chain of command.

In recent statements on these themes, General Ramos appears to be addressing a group of colonels — known as the Reform the Armed Forces Movement — who are close to Mr. Enrile.

It was these officers who spearheaded the military revolt last February that removed Ferdinand E. Marcos from the presidency and helped install Mrs. Aquino.

The officers have since voiced strong dissatisfaction with Mrs. Aquino's government, and have often hinted at their continuing ability to take military action.

A Philippine government negotiator said Thursday that major progress had been made in cease-fire talks with Communist insurgents and that an agreement could come within days, Reuters reported.

The negotiator, Agriculture Minister Ramon Mitra, met rebel leaders Wednesday night for four hours. He said the two sides reached an agreement on safety and immunity guarantees so that rebels could negotiate for peace after a cease-fire had been declared.

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TRAVELER'S CHOICE

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How about a love-cure tour? Or maybe an anti-terrorist tour? The former is "a one-week learning experience" designed by Debora Phillips, author of a book called "How to Fall Out of Love." In resorts such as Nassau, Puerto Vallarta, Puerto Rico, St. Thomas and Mazatlan, at prices from \$1,995 to \$2,799. Single rooms, oddly enough, cost extra. International Marketing Tours, 676 Winters Avenue, Paramus, New Jersey 07652. Another tour operator invites you to Israel for a week of learning "basic unarmed and armed self-protection techniques" under the guidance of an anti-terrorist hero for \$2,750 including air fare from New York (and a week of relaxation and touring). The Travel Gallery, 387 Park Avenue South, New York, N.Y. 10016. And if those leave you yawning you may be ready for the trip that even \$1,000 a day won't cover: around the world in 40 days by luxury jet, limited to 24 people in a specially converted Boeing 727. It's just \$49,850 a person; successful graduates of the love cure should add \$9,500 for single accommodations. World Air Cruises, 150 East 39th Street, Suite 602, New York, N.Y. 10016.

From jungles to falls

Venezuela is the destination for a series of tours that promise Amazon jungles, wildlife observation and the world's highest waterfall, Angel Falls. The basic eight-day tour from Maiquetia proceeds by air, dugout canoe, cable car and van on an itinerary through the vast Piñero cattle ranch, with its 270-plus species of birds. Six-day extensions are also available. Departures Dec. 7 and 21, Jan. 11, Feb. 7 and 28, April 26, May 24 and June 21. Prices start at \$1,350, based on double occupancy, including air fare from New York, lodging, meals, excursions and transfers. Sabrosa Travel, Suite 508, 150 Central Park South, New York, N.Y. 10019.

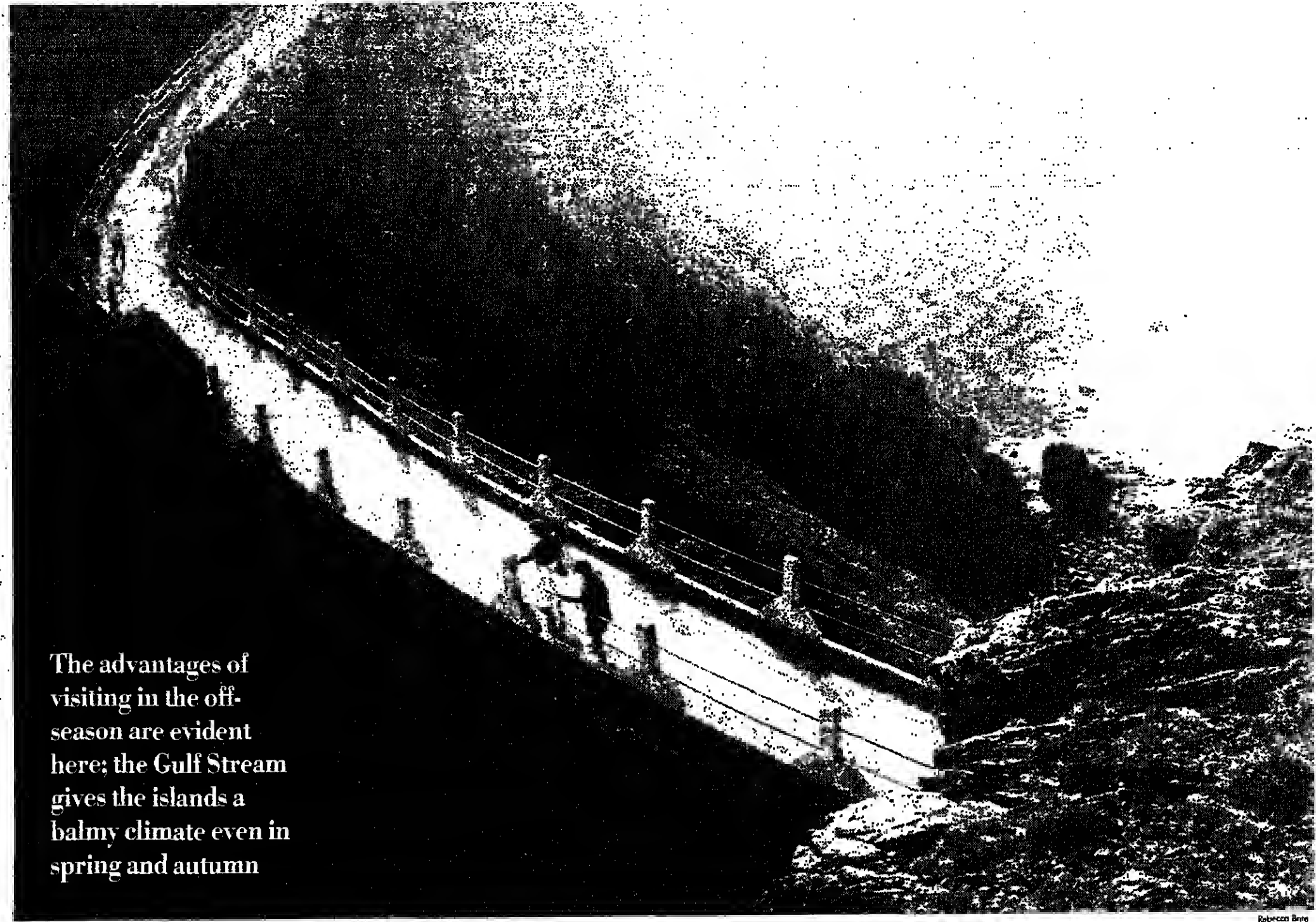
Start training for Bermuda

Runners in search of a challenge in a warm climate should consider the Bermuda Marathon, preceded by a 10-kilometer race, on Jan. 17 and 18. A tour built around these races—including a presentation by Dr. George Sheehan, a cardiologist who is a runner, lecturer and medical adviser—will leave from various U.S. cities Jan. 16 and return Jan. 19. The tour offers training runs, entry forms, speakers, films and parties (after the races, of course). Based on double occupancy, the tour is priced at \$489 a person from New York, including air fare, accommodations, breakfast and dinner, transfers, cocktail reception, hotel taxes and tips. Rates from other cities include \$499 from Boston and \$590 from Chicago. Race entry fees are extra. Marathon Tours, 108 Main Street, Charlestown District, Boston, Massachusetts 02129.

By camel into the desert

For 19 days beginning next June, six hardy travelers will make their way by air, by camel and on foot from the edge of Kenya's northern desert through a landscape of sand, salt pans and oases to visit Africa's smallest tribe—the 80-member El Molo group—and make the acquaintance of nomadic peoples including the Samburu, the Turkana, the Rendili, the Gabra and the Borana, who inhabit the desert. There will be opportunities to race camels and fish for Nile perch in Lake Turkana on this "Shepherds of the Desert" safari. Four-wheel-drive vehicles will provide much of the transport. Most nights will be passed in desert camps or in luxurious tented sites where showers and haute cuisine will provide a counterpoint to the harsh landscape. The Masai Mara Game Reserve, and the comfortable Mount Kenya Safari Club are on the itinerary. June 6-27. Cost, \$5,911 a person, including transport within Africa, accommodations and meals but not air fare to Nairobi. Mackey Arnstein, East Africa Safari Co., 250 West 57th Street, New York, N.Y. 10107.

Quiet Days on the Channel Islands



The advantages of visiting in the off-season are evident here: the Gulf Stream gives the islands a balmy climate even in spring and autumn

La Coupée, Sark.

by Rebecca Brite

At the very tail end of the summer season, I took a severe case of burnout to the Channel Islands. I emerged two weeks later restored in body and mind, and completely infatuated with these flyspecks in the English Channel, especially the most inaccessible, the least known. If you are capable of providing your own amusement on holiday—if, indeed, you at least occasionally prefer to do so—the more remote cousins of Jersey can be paradise.

In geographical terms, the Channel Islands barely merit being called part of the British Isles. They are full of place-names reflecting their proximity to France. Yet in spirit and atmosphere this peculiar dependency of the British crown is strongly English-provincial; about the only element it lacks in this respect is large numbers of American tourists.

Jersey is the most familiar, the largest, the most accessible from England or France—and the most invaded by package tours, offshore banking, re-

tirees, job-seekers, tax exiles. It has its pleasures and its beauties—bays and beaches, the cliffs of the north coast, the medieval castle at Gorey on the east coast, the zoo for endangered species founded by the naturalist and writer Gerald Durrell. It is undoubtedly a lively spot for a week with the family. Getting away from it all, however, is not exactly Jersey's specialty.

Jersey and some outlying reefs form a bailiwick, self-governing with its own legislative body, the States. The rest of the Channel Islands lie in the bailiwick of Guernsey, Guernsey, Alderney and Herm are topographically similar, with beaches in the north and cliffs in the south. Sark, which touts itself as a feudal throwback, is cliffs and caves all around. Herm is what Sark claims to be. There are no cars, not even bicycles. There is one four-wheel-drive vehicle. There are a couple of tractors for hauling goods and luggage to and from the harbor, and a couple of other tractors for farming. Farming is Herm's No. 2 business; its 100 purebred Guernsey cows provide about 3

Continued on page 8

SHOPPING

The Antiques Super-Shopper

by Steve Lohr

LONDON—Every month or so, the New York decorator David Easton comes to Europe to shop. These trips include stops in Lisbon, Madeira, Paris and London, days crammed with appointments, searches for the antique rugs, linens, fabrics and furniture that he cannot find in the United States. "English and European dealers tend to have the larger, more unusual pieces," he says.

"It's like planning a military campaign," Easton explains, leafing through typewritten pages of items he wants for clients and a hand-written itinerary.

His company, David Anthony Easton Inc., designs both houses and interiors. Known for his British country-house look, Easton has created Georgian-style homes for American clients. So London is a focal point for the 49-year-old designer for concentrated shopping and as a source for research in architecture and furniture.

A day with Easton spans 12 hours, with car and driver at the ready: a dozen stops at London shops, dealers and craftsmen, and finishing with a run to Oxford. His method is a mix of calculation and serendipity. He knows the dealers he will visit, their taste, their merchandise. Sometimes he will be seeing an item for the second or third time before buying a chandelier, or a rug that can cost more than \$100,000. At other times Easton will point to something a few seconds after walking into a shop and exclaim, "Oh, we've got to have that!"

"I am driven by the compulsion that the next treasure will be at some shop on King's Road or wherever," Easton says, striding out of Claridge's at 9:30 A.M. after breakfast with his shipping agent.

First stop is Christopher Gibbs Ltd., at 118 New Bond Street, a dealer for "large, eccentric furniture." Today he is interested in two 12-foot-long William Kent-style couches. Easton, designing a gallery for a client, is considering buying the two 18th-century couches and possibly having another two made to match.

At C. Jolla, a dealer in antique rugs at 70 South Audley Street, Easton is intrigued by a large Ukrainian rug—price \$150,000. Easton nods and requests a transparency.

To fashion the "great house," says Easton, can take up to four years, involve hundreds of people and cost several million dollars. Some estates he is working on have stables, ballrooms and family chapels. "I am amazed people have the money to spend on these projects," says Easton, who lives in an inexpensive rent-controlled apartment on Mansfield in Upper East Side. "Of course, it's great for us that they do."

His company charges 10 percent commission on items purchased abroad. Shipping is extra. Travel expenses are usually split among the clients he shops for.

For antique fabrics, Mayores Ltd. at 38 Jermyn Street is London's best, says Easton. He purchases a 5-foot (1.5-meter) square of 18th-century French silk brocade for \$3,350 for a Virginia client's private chapel.

At Loot, a dealer at 76 Piccadilly Road known for its 19th-century upholstered furniture, Easton plops down on a tufted Victorian Chesterfield. "It's so comfortable you may never get up." He explains the appeal in the 1980s of the classicism represented by the British country-house style. "People are looking for order in their lives."

Just before noon Easton walks into Mrs. M.E. Chick Ltd., at 166 Kensington Church Street, to check out glass chandeliers. After a half-hour lunch Easton goes to the George

Sherlock shop at 588 King's Road. He quickly agrees to buy a tufted Victorian child's chair for \$900. "I couldn't let it get away!"

A hallmark of Easton's company is attention to detail, down to selecting linens and stationery for some clients. His next stop, Lunn Antiques, at 86 New King's Road, is a specialist in antique linens and lace. Easton usually buys single examples at Lunn's, then sends them to Madeira to have copies made.

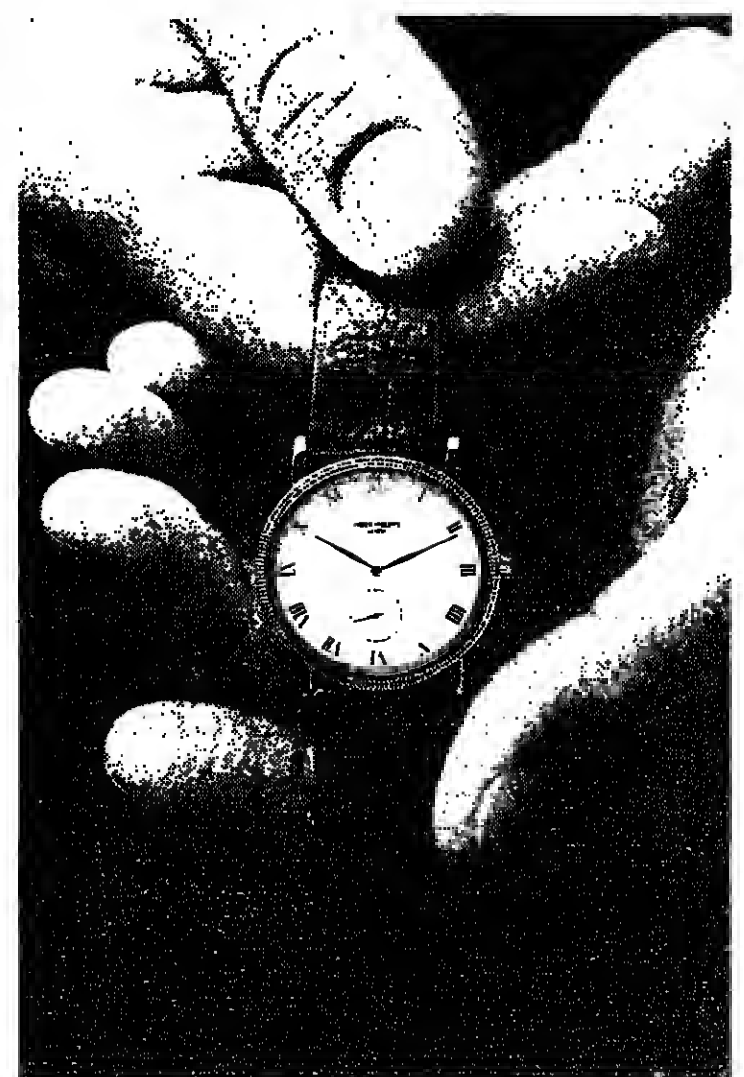
Next Easton visits an antique dealer, Rodney Brooke at 27A Elyngge Road. Easton looks over a 17th-century Indian table inlaid with semiprecious stones and a Regency library table at \$82,000, then picks out a 18th-century chest for a Chicago client.

Before heading to Oxford, Easton stops at T. Crowther & Sons at 282 North End Road to survey their garden sculpture and fireplaces. More than an hour later, in the wood-working shop of Symm and Co. of Oxford, founded in 1827, Easton is hunched over drawings for the paneling, moldings and other woodwork of a New York library. Here he is not buying, but consulting with craftsmen to make sure that finishing touches areas he wants them.

"I do try to be cautious about overspending," says Easton on the trip back to London, collating photos and lists. He estimates that he has spent \$50,000 in his five-day trip. He will show his clients photographs of \$500,000 worth of antiques.

"I figure I look at about a thousand different things a day on one of these trips. I'm visually exhausted, but exhilarated that these objects will find a second home 4,000 miles away. It's like Christmas when the shipments arrive."

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TRAVEL

THE FREQUENT TRAVELER

In U.K., Competition Has Led To Lower Fares — With Frills

by Roger Collis

ANYONE who wants a foretaste of how the liberalization of air transport in Europe may ultimately benefit the business traveler should sample British domestic services, especially on the key routes between Heathrow and Edinburgh, Glasgow and Belfast.

Thanks to a government decision four years ago to allow the independent airline British Midland to compete on free-market terms with state-owned British Airways, passengers now enjoy what may be the world's best domestic service; it is certainly unparalleled on any routes elsewhere in Europe. Competition has meant a wider choice of flights, superb service and cuisine, and low fares with few booking restrictions.

What incenses many frequent travelers is that they are unable to take advantage of low fares in Europe because these are bedged about with restrictions such as a compulsory Saturday night stay, advance booking or limits on flights. Airlines readily admit that discount fares are designed to frustrate their use by business people, most of whom need to be able to cancel or change a reservation at the last minute.

The airlines argue that you have to pay a premium for the right to "no show" and that only by filling the back of the plane with discount passengers can they keep down the cost of business fares. Their philosophy is not to offer low fares to business travelers—a captive market representing about 40 percent of traffic and 60 percent of revenue—but to add more frills for them, such as better in-flight service, separate check-in and executive lounges. Economy passengers are served nothing on some routes. For example, on Air Inter you cannot get even a cup of coffee between Paris and Nice. And until recently flights between Paris and London were equally spartan for folks in the back of the plane. Put it down to lack of competition in Europe's tightly regulated skies.

Such was the case in Britain until October 1982, when British Midland first started competing with British Airways between Heathrow and Glasgow. Before, British Airways had been operating walk-on shuttle service between Heathrow

and Glasgow, Edinburgh and Belfast (British Midland later added the latter two). "This was basic transportation," recalled a BA spokesman; "there were no drinks, not even tea or coffee, and tickets were sold on board. It was a scramble."

When British Midland came on the scene it introduced lower fares, in-flight catering and a bar service. A year later, British Airways, having lost business, launched its "Super Shuttle," with frills such as a hot breakfast on early flights, newspapers, and free drinks later in the day. Tickets are no longer sold on board, but you can buy one at the gate without a reservation.

BA claims that if you turn up 10 minutes before departure (20 minutes for Belfast) you will be guaranteed a seat. "If the plane is full, we'll put on a back-up plane, even for one person," the spokesman

Standby offers even more savings

said. British Airways has at least 11 and British Midland 7 weekday departures in both directions on each route, representing a formidable choice for the traveler.

In July, British Midland again raised the competitive stakes by launching its "Diamond Service," which offers newspapers with a hot breakfast in the morning, a hot lunch and dinner with wine, cream tea, and free cocktails throughout the day. So far there has been no response from British Midland, although an industry source said: "They are thinking of improving their catering."

Breakfast on British Midland's 9 A.M. flight from Heathrow to Edinburgh—a bare 70 minutes in the air—would do justice to first class on any trans-Atlantic carrier. There was juice, fresh grapefruit and orange segments, scrambled eggs, bacon, sausage, mushrooms and hash browns, and roll with butter and chunky marmalade. And a hot towel afterwards to freshen up. I was less impressed with the Lofthian pie for dinner on the way back, although this may

have been due to a surfeit of good food and drink in Scotland.

What made the trip especially enjoyable was the price I paid for a three-day return—£119, compared with the full round-trip fare of 146. It allowed me to take any flight within this period or, by upgrading to the full fare, any time thereafter.

This fare, which is unique to British Midland, was introduced, according to the airline's marketing manager, Alex Brown, as a result of research showing that most business people traveling between England and Scotland stayed from one to three days. Brown said that since Nov. 1, when British Airways raised its fares by up to 8 percent, travelers flying British Midland could save up to 17 percent.

Both airlines offer one-way fares that give you the flexibility of taking peak or off-peak flights. (Off-peak is between 10 A.M. and 3:30 P.M. and after 7 P.M.) These can save up to 36 percent off the full peak fare. There are even greater savings if you buy a standby ticket, which is available on any flight. Full-fare tickets are interchangeable, though tickets for peak-hour flights cannot be downgraded to off-peak. Frequent travelers have learned how to work the system by keeping a stock of tickets for various contingencies on both carriers.

British Midland is the only European carrier to run its own frequent flyer program. This is linked to a self-tickering scheme that enables a company to qualify for discounts of up to 5 percent.

One result of this competition has been a growth in traffic of 50 percent since 1982. British Midland has a 25-percent share of about three million passengers a year on the three major routes. It has proved that there is a demand for creative fares from business travelers who are prepared to sacrifice some flexibility for a better deal, and that frills and economy are not incompatible.

In June, British Midland exported the idea of a simpler fare structure with a one-class business cabin on its own service between Heathrow and Amsterdam. British Caledonian's Time-Flyer fares between Gatwick and Schiphol, Brussels and Frankfurt, where you can save up to 50 percent off the normal economy fare, offer the cost-conscious business traveler a similar break. (The tariff depends on the time of day you travel. Restrictions are advance booking and a minimum of one night's stay. You can change your return flight if you upgrade to a more expensive time segment.)

It's initiatives like these that will help to give business travelers what they need—choice, convenience and comfort at a realistic price.

Augsburg's Powers of Regeneration

by Herb Altschull

AUGSBURG, West Germany—It's difficult, as you sit at a wooden table quaffing a glass of beer in Augsburg's central square, to imagine that this town is more than 2,000 years old, that it has been destroyed over and over again, that a family of bankers financed the Hapsburg Empire from their counting-houses here, that Martin Luther almost won that empire for Protestantism here.

Augsburg, on the Lech River north of the Alps, was founded by the Romans in 15 B.C. The Altstadt (Old City) is a rabbit's warren of tiny streets that twist and turn, sometimes following a stream. The Altstadt, bombed in World War II, has been put back together so that it looks pretty much as it did three or four hundred years ago.

From Maximilianstrasse, a wide boulevard boasting impressive fountains, you reach the Altstadt by going down a steep, narrow walkway—no cars allowed. Once in the Altstadt, a map is only mildly helpful. If you don't get lost at least once, you are a wonder among tourists. Don't fear, though. However many wrong turnings I took, sooner or later I ran into the Rathaus, the old town hall.

Properly honored as the finest example of late Renaissance architecture north of the Alps, the Rathaus is worth a pause. The Augsburg Town Council first met there in 1620. It was the handiwork of Elias Holl, whose designs set a new style for southern Germany. The facade represents a modification of the Italian style, with a simpler elegance, a striking absence of busywork and the surprising look of several units blended into a single form. Demolished in a two-day bombing in February 1944, the Rathaus and the adjacent Palaststrasse, Hoff's 70-meter-high (228-foot) bell tower, were reconstructed in the 1970s.

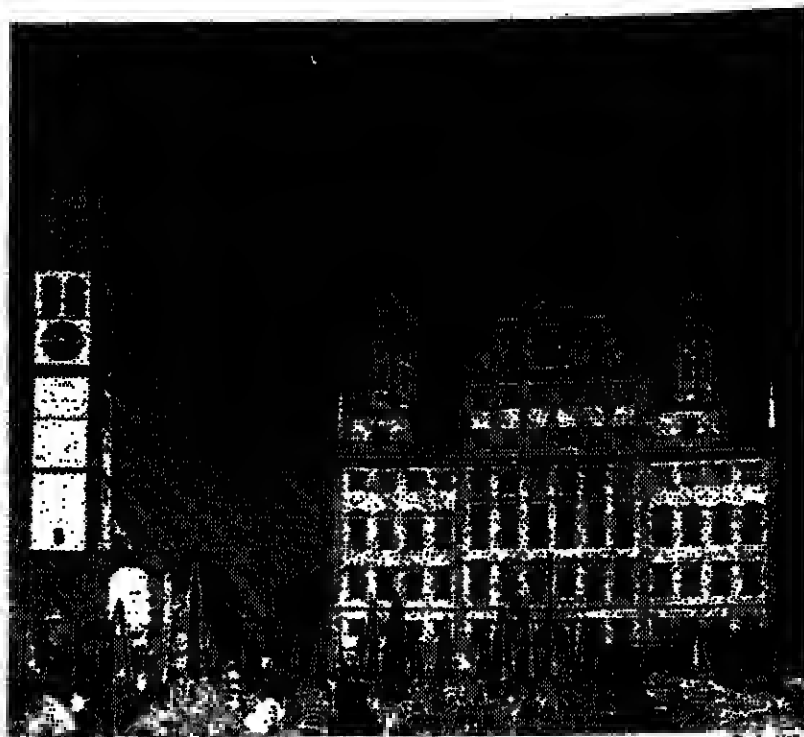
The Golden Chamber on the third floor of the Rathaus is one of the most spectacular rooms to be found in any town hall. It is used for exhibitions and official receptions. Lamentably, the restoration was not able to bring the ceiling back to what it was, an expanse covered by paintings and gilded limewood carvings. Enough is in place, however, to give the visitor an idea of what once was.

On sunny days, the vast square in front of the Rathaus is just the place to stop for an afternoon cake and coffee or beer and wurst. Just down Amnstrasse, a winding pedestrian street, one can make out the top of a church where nearly five centuries ago there took place one of the most important might-have-beens of Western civilization.

This is the church of St. Anna, where the prince of the Roman church and those who endorsed the doctrines of Martin Luther were presented with the rarest of opportunities: the possibility of reaching an agreement that might have prevented centuries of discord, anguish and bloodshed.

The church has been destroyed and rebuilt time and again since its beginnings in 1321, but the reconstruction is faithful. Narrow stone steps rise above the entrance corridor, along which the stone walls are beautifully engraved. The steps also climb above the elegant Fugger chapel, in which are buried the members of the Fugger family, bankers who financed the most celebrated of the medieval Holy Roman emperors, Charles V.

The steps lead first into the room where Luther concealed himself when he came to Augsburg in 1518 to dispute theology with



The Augsburg Rathaus.



Woodcut showing Luther before Cajetan.

Cardinal Cajetan, and then into the large chamber where on June 25, 1530, Charles V listened to what is now known as the Confessio Augustana, read by Luther's ally, Philipp Melancthon, in a desperate effort to bring about a reconciliation between the feuding Catholic and Lutheran princes. The confessional remains the foundation of Lutheranism. Cajetan was utterly without sympathy for Luther's position, and friends of Luther passed the word that the monk had reason to fear for his life. In the middle of the night, Luther fled.

Nearly a generation older than Christianity itself, Augsburg has survived not only the religious strife of the 16th and 17th centuries but the destruction of two world wars. It is now a prosperous-looking city of 250,000, the third largest in Bavaria.

Everyone who visits Augsburg wants to take a close look at the Fugger. This is a settlement just beyond the Altstadt that was constructed by the Fugger family in 1521 to

house the poor. It was the world's first social settlement, and although severely damaged in the Thirty Years War and World War II, it was restored and is still operating.

The Fugger family financed the Holy Roman Empire at the height of its power. The most prominent in the family was Jakob the Rich, who was born in Augsburg in 1459 and eventually gained a virtual world monopoly in the mining and trading of silver, copper and mercury. He also had a vast shipping empire.

The Fuggers spent huge sums of money to promote the arts and learning. They were the first holders of great wealth to provide for the underprivileged in a systematic way. The Fuggerei still has 66 gabled houses for the poor. Residents, who must be at least 55 years old, are chosen by the town fathers on the basis of need; the annual rent is 1.72 Deutsche marks (about 85 cents), the equivalent of what Fuggerei residents paid in the 16th century.

The museum at Mittlererpassage 13 offers an example of the interiors of the houses, which stand in neat rows of yellow facades. This one contained a kitchen and three tiny rooms, two downstairs and one upstairs. At No. 14 lived the mason Franz Mozart, great-grandfather of the composer. He had to take up residence there in 1681, so the story goes, because he had been ostracized and could find no work after he had secretly buried the body of a hangman's helper, contrary to church policy.

Wolfgang Amadeus Mozart's father, Leopold, was born in a narrow, rust-colored house at Frauentorstrasse 30, now a charming museum of Mozartiana. Leopold went to the university in Salzburg in 1757, became a violinist in an orchestra in Salzburg and lived there until he died in 1787, four years before the death of his son. The two frequently returned to Augsburg for visits, since most family members lived there. Indeed, the telephone book still lists nine Mozarts, and a number of signs feature the name.

Among the city's other favorite sons, Hans Holbein the Elder lived along one of the channels of the Lech River. And last year as part of its 2,000th-birthday celebrations, on the 57th anniversary of Beethoven's birth the conservative city finally swallowed its official reserve and opened the house where he was born as a memorial to the playwright, who had become a member of the Communist Party.

The memorial is a gold mine for Beethoven enthusiasts, filled with material from Beethoven's life and with theater handbills and photos of stagings of his works. The celebrated Augsburg marionette theater is represented by a marvelous puppet re-creation of *Madch. the Knife*. The house, next to a foundry along one of Augsburg's canals, dates from the 16th century and is typical of middle-class homes of the period.

Two blocks from the railroad station stands a synagogue, which houses an exhibition on Jewish art and culture. The first Augsburg synagogue dated from 1259, but none survived the Nazi era. This synagogue, reconstructed after the war, was reopened only last November. The exhibition features the best examples in Europe of the work, chiefly in wood, ceramics and metalwork of students and teachers at the Bezalel Academy of Art in Jerusalem.

The city has its share of theaters—especially the outdoor house-at-the-Rotes Tor (Red Gate)—and good restaurants; the best of these all seem to be underground, such as the Fuggerkeller and the Ratskeller (below the Rathaus).

I enjoyed a fine meal of pork roast and *spätzle* (the delicate "little" Swabian noodle dish) at the Agnes Bernauer Stube in the basement of a house dating back 500 years. Turns out Bernauer is a kind of patron saint in Augsburg. She met Prince Albrecht of Bavaria when he brought him a meal at her father's bathhouse restaurant (guests were served while in the wooden tubs) in 1433. When Albrecht's friends learned he had secretly married a commoner, they lured him away, kidnapped Agnes, bound her, and drowned her in the nearby Danube.

To this day, Augsburgers celebrate her wedding day, Jan. 21, as "lovers' day." Perhaps coincidentally, that day falls right in the middle of the carnival season—what lovers' days are commonplace in West Germany.

Herb Altschull is a journalist and historian based in Germany. His latest book is "Age of Power."

Advertisement for Lufthansa flights featuring the International Herald Tribune newspaper. Text includes: 'The Inflight Newspaper is available on Lufthansa flights. As part of its inflight service, Lufthansa distributes the International Herald Tribune to its passengers on most flights. So do most other airlines: some 39,000 copies of the IHT are distributed each day in the skies of Europe, Africa, the Middle East, Asia and the Americas. Which is why we have become known as "the inflight newspaper." Be sure to ask for your copy the next time you fly.'

Advertisement for Golden Tulip Hotels. Text includes: 'HOLIDAYS & TRAVEL HOTEL In New York, where location is everything, there's nothing like the Barbizon. Just three short blocks from Bloomingdale, two blocks from Madison Avenue, the Barbizon is on a lovely residential street, just minutes from New York's business center. Once inside this Manhattan landmark, you'll feel comfortably at home in an atmosphere of unpretentious elegance. So come stay at the Barbizon. It's New York at its best.'

Advertisement for Channel Islands. Text includes: 'Channel Islands Continued from page 7 percent of the milk processed in Guernsey, three miles away across a stretch of sea called the Little Russell. (All the islands are virtually awash with cream the color of butter, and butter the color of egg yolk.) Herm's No. 1 business is tourists, as many as 2,000 a day in the high season. But according to one of the 50 workers who more than double the island's permanent population during the season, these day-trippers mostly head for the gift shops and pub in the minuscule village above the harbor, leaving the rest of Herm's 500 acres to the fields of cows and pheasants, the rabbits in the Neolithic burial ground at the beach-framed northern end, the sea birds of the southern cliffs, and, on any given high-season day, the 250 or so people who have booked months or even years in advance to stay at the hotel, the campsite or one of nine cottages and flats. The advantages of visiting in the off-season are evident here. Happily, the Gulf Stream gives the Channel Islands a balmy climate even in spring and autumn. I was one of 13 tourists staying on Herm in early October; the hotel had closed the day before I arrived. The first afternoon I beaded for the prehistoric remains in the north, half a mile from the cluster of farm and manor buildings that include the castle. I met no one until, rounding a hill to take the beach path back to the village, I spotted in the distance a couple walking an indeterminate number of small shaggy creatures. These latter shortly resolved themselves into two Yorkshire terriers, and the couple proved to be my hosts: the Tenant of Herm, Major Peter Wood, and his wife, Jenny. Herm was in sad shape in 1949 when the Woods took their first lease on this island half a mile wide by a mile and a half long. The Channel Islands were the only part of the British Isles occupied by the Germans in World War II, and though Herm escaped the forced labor and the carbuncle-like bunkers that were inflicted on the other islands, it was sorely neglected. The water supply and sewerage system were inadequate, there was no electricity and few of the scattered buildings were habitable. Peter Wood, New Zealand-born, trained as a civil engineer, had come out of the war with a dream born of his life as an officer: to be a kind of father figure in a self-contained community. He had thought it would be a large farm; when he heard that the lease to Herm was available, he realized it could be as easily an island. The Woods have spent almost all their 40 years of married life pouring money, labor and love into Herm, developing it as a business venture and a home while preserving its almost tropical beauty. Wood said it was 25 years before they were certain they were going to make it work. "We had to keep in the front of our minds all along a picture of... well, of something like what we now have," he said, gesturing

TRAVEL

Vintage 1986: Quality, Quantity, And Rising Prices

by Frank J. Priol

PARIS — Except for a few vines in Alsace and in Sauternes, the 1986 harvest in France is over. This is when the winegrowers, lurching about the vineyards, mutter and grumble about the wine writers — if the writers have had the audacity to suggest that the wines may not be very good.

"What do they know?" the growers demand rhetorically. "We've been doing this all our lives, and we can't tell how the wine is going to turn out."

That's how it would go in bad years. In good years, the wine writers would be hailed for their perspicacity in recognizing so early on that 1984 or 1985 or 1986 is a marvellous year, another year of the century.

There is no year-of-the-century talk this autumn, partly because it's bad policy and partly because, while the wines are good, they don't seem extraordinary. Someone was saying the other day that the new

ly excellent wine." Does that have a familiar ring? It should. We've been hearing it, or some version of it, for almost a decade. With the exceptions of 1977 and 1984, there hasn't been an indifferent year in Bordeaux in more than a decade. Some vintages — 1978, 1982, 1983 and 1985 — have been very good indeed. Nor has it been a time of good but tiny crops, as was the case in, say, 1961. For the most part nature has been generous in terms both of quality and quantity.

Consequently, there is a great deal of good wine to be had in the cellars of Bordeaux and in retail shops around the world. As is so often the case the Bordeaux trade, or some of it, rolls blithely along asking for more money for its wines than many people are prepared to pay, particularly when they know that supply is rapidly outstripping demand.

After the two expensive vintages, 1982 and 1983, the trade asked for even higher prices for the much less impressive 1984. Stung by the outcry from American consumers, the Bordelais announced that the 1985 would open at the same prices as the 1984. Fine, except that the dollar had dropped in value by about a third. No prices will be available for the 1986 until next year. Everyone will be waiting to see if the trade is going to repeat the folly of the early 1970s when the public walked away and some very prominent wine shippers found themselves in deep financial trouble.

It will also be interesting to see if the fad for buying futures continues. For a number of years, wine investors who bought at opening prices did quite well as demand pushed those prices up and up. The first growths, the famous names such as Lafite, Mouton and Latour, have always had a special market, buyers to whom price is secondary. But a lot of smaller investors have jumped in in recent years. If a few prices drop instead of going up, a lot of dilettantes will look for new games to play.

In Ay, in the heart of the Champagne country, Christian Bizot, the president of Champagne Bollinger, characterized 1986 as an average year. "The chardonnay grapes were good in quality and mediocre in quantity," he said, "while the pinot noir and meunier grapes were plentiful but less impressive in quality." Chardonnay grapes are white, pinot noir and meunier are red.

For Bollinger, at least, 1986 will not be a vintage year. Which means that most other houses will also consider this a reserve wine year. Reserve wine is the Champagne used in noovintage blends. Bollinger, like most other producers, has excellent reserve stocks. The principal problem with Cham-



French "vendange", ancient and modern: above, Côtes du Rhône; below a cartoon by Daumier.



pagne these days is price. Bollinger will go up by 12 per cent shortly, which, when coupled with the fall of the dollar and price increases over the last two years, means that Champagne is back in or very close to the luxury category for Americans again.

In Burgundy it looks like a good year for the white wines and a not-so-good year for the reds. The winemakers are using that great catchall phrase, "One will have to choose carefully," which, of course, is a euphemistic way of saying there is a lot of wine that should not be chosen at all. But except for the fortunate few, does it matter? Burgundy prices are so high that discussions of the wines are mostly academic.

commercial vintage, with a few highlights among the crus, such as Morgon, Fleurie and Chiroubles.

Morgon is a wonderful example of how fads change the way wines are made. Years ago, Morgon was one of the lightest of all the Beaujolais. Then, over the years, Morgon became a wine to keep for a year or two, a wine meant to rival lighter Burgundies at table, in restaurants and the home. Now, tastes have shifted and the wine is relatively light again. The big wine of Beaujolais these days is Moulin-à-Vent.

This should be a pretty good year in Beaujolais. Not 1976, nor even 1983 or 1985, but a year in which there is plenty of decent wine to drink.

In Chablis and Alsace, two northerly vineyard areas, the talk is of good, average wines, but not in the class of the '85 or, for Alsace, the '83. Jean Hugel, of the famous Hugel firm, told an interviewer he would rate the vintage 14 or 15 on a scale of 20.

In the Loire Valley there is quite a bit of enthusiasm about 1986. Alcohol is good, and acidity, without which the Loire whites are nothing, is particularly strong, according to a variety of reports. Quantity will be down, as much as 30 percent in some areas, but one has to go back a number of years to recall a serious shortage of Loire wines. It means mostly that the price of Sancerre will go up again. So what else is new?

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Although the weather conditions in Bordeaux were not optimal, they were more than adequate to produce a very large vintage of good and occasionally excellent wine.

Bordeaux resemble the 1979s and the 1981s. There has even been some talk of their resembling the 1975 vintage, which is a bit amusing because when that vintage was released it was widely predicted that few people alive then would be around to drink it when it was ready. The 1975s are still not ready.

As far as anyone can tell — and there are a lot of things one can tell about a new crop — the 1986 Bordeaux should be good, solid, drinkable wines in a few years. Although the weather conditions in Bordeaux were not optimal, they were more than adequate to produce a very large vintage of good and occasionally excellent wine.

Three-Star Cigars

by Gordon Mott

MARC MENEAU rolled the cigar lightly between his fingers, pointing its glowing tip toward the ceiling of the bar and lounge at the Esperance, his three-star gastronomic mecca in St.-Pere-sous-Vezelay. Smiling shyly, the chef offered an opinion about a cigar's place in the world of French haute cuisine. "Smoking a fine cigar after a meal is a pleasure, not a vice. There's something sensual, almost sensual, about it. It says something about a man," Meneau said. Then he laughed. "Or a woman."

Cigars are not a big deal in France, but one essential element of what they call the three Cs: coffee, Cognac and cigars. If in the United States the "cigar confers

Montezuma or Davidoff, a Swiss concern with many cigars made of Cuban tobacco. Some restaurants stock lesser Cuban brands, Romeo y Julieta and Partagas, which are still good cigars. Occasionally, there are lighter Dominican cigars, too. The smaller the number on the cigar, the bigger, thicker and longer it is.

The only way to tell if a good cigar is in good condition is to pick it up. Don't squeeze it too tightly; lift it delicately with your first two fingers and thumb and roll it gently near the middle. Listen for a crackling sound like crisp autumn leaves underfoot; it's a sign of dryness. Similarly, avoid a cigar if the outer wrapper is flaking. A cigar should resist the squeeze, maybe even be a little springy. But it should not feel soggy — a sign of too much humidity. Finally, take a whiff. A cigar should smell of tobacco and not be musty. The entire squeezing and sniffing process should take place after you've selected the size cigar you want. Squeezing every cigar in the box isn't very considerate.

The waiter should take the cigar from you to clip the end with a special cutter. He may ask for your preference in cut: the entire end snipped off or a quarter-inch, V-shaped slit across the wrapped end. Either procedure eliminates biting off the end, which is an effective but a rather crude public display. A sniffer points: Have the waiter remove the trademark band. Leaving the band on is just not done.

The lighting of the cigar comes next. Everyone has seen cigar smokers light up by striking a match or flicking a little butane lighter and drawing deeply on the cigar to get it going. Don't do it. Some restaurants provide a thin, almost flimsy, strip of cedar wood that the waiter will light. If not, let the match burn for a few seconds. Don't puff on the cigar yet. Hold the flame below the cigar tip, turning it slowly to light the entire surface.

You should also lay to rest any fears about killing your taste buds with cigar smoke. Meneau says the only thing to avoid is smoking a cigar right before a big meal.

"Some people smoke a lot and still have a palate. Some people don't smoke and don't have a palate. It's an individual thing."

One final note for enjoyment of the ritual. A Cognac executive recommends sipping the Cognac — "to get its full flavor" — before lighting the cigar. After a grand repast, find a seat in the salon, order a café and a selection from the Cognac list and round out the evening by calling over the cigar box. You'll see why the French still believe in the three Cs.

Gordon Mott, a journalist who lives in Paris, wrote this article for The New York Times.



Listening to a cigar.

power and status with a touch of rebelliousness, in France it suggests an appreciation of the finer things in life.

But many Americans have abandoned the pleasures of a good smoke, inhibited by the anti-smoking lobby, health concerns, the prohibition on imports of Cuban cigars, arguably the world's finest, and perhaps a lost sense of what constitutes the good life. René Brachet, the responsible of cigars at Maxim's in Paris, confirmed that Americans aren't his big customers. "I think they have an allergy to Cuba," he said. Frenchmen are not constrained by the same political concerns, he added, and keep him busy after every meal.

Here's a quick guide to the ritual of asking for, choosing and lighting a cigar that costs 60 francs (about \$9). When your waiter says, "La Maxim's," "Let me get the responsible," you know you are on the right track. Cigars must be cared for like fine old wines. Storage should be in a slightly humid, cool place — *not* the humidifier. When the cigar waiter arrives, he should open the box, tilt it slightly toward you and recite the selection. In most restaurants, the choices will be Cuban-rolled

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Finland	F.M.	1,620	880	490
France	F.F.	1,400	760	420
Germany	D.M.	550	300	170
Great Britain	£	120	65	36
Netherlands	R.	20,000	11,000	6,000
Ireland	I.R.	634	340	190
Italy	Lira	350,000	190,000	106,000
Luxembourg	L.F.	10,700	5,800	3,200
Norway	N.Kr.	1,650	900	500
Portugal	Esc.	19,000	10,400	5,700
Spain	Pes.	26,500	14,600	8,000
Sweden	S.Kr.	1,700	930	520
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NYSE Most Actives				
Vol.	High	Low	Last	Chg.
GenCorp	5498	49 1/2	49 1/2	+ 1/4
AMER	4257	23 1/2	23 1/2	+ 1/4
UNION	4257	23 1/2	23 1/2	+ 1/4
AMER	4257	23 1/2	23 1/2	+ 1/4
AMER	4257	23 1/2	23 1/2	+ 1/4
AMER	4257	23 1/2	23 1/2	+ 1/4
AMER	4257	23 1/2	23 1/2	+ 1/4
AMER	4257	23 1/2	23 1/2	+ 1/4
AMER	4257	23 1/2	23 1/2	+ 1/4
AMER	4257	23 1/2	23 1/2	+ 1/4

Market Sales	
NYSE 4 p.m. volume	145,294,000
NYSE prev. close	21,847,716
NYSE 4 p.m. volume	11,270,000
NYSE prev. close	11,270,000
OTC 4 p.m. volume	1,200,000
OTC prev. close	1,200,000
NYSE volume up	3,272,000
NYSE volume down	3,272,000
OTC volume up	3,272,000
OTC volume down	3,272,000

NYSE Index					
High	Low	Close	Chg.	Prev.	
Composite	141.99	141.92	141.92	-0.07	142.00
Industrials	152.21	151.26	151.26	-0.95	152.21
Utilities	76.17	76.22	76.22	+0.05	76.17
Finance	142.28	142.28	142.28	0.00	142.28

Thursday's
NYSE
Closing

Via The Associated Press

AMEX Diary		
Close	Prev.	Chg.
Advanced	258	258
Declined	258	258
Unchanged	258	258
Total Issue	258	258

NASDAQ Index				
Close	Chg.	Week Ago	Year Ago	Prev.
Composite	111.11	111.11	111.11	111.11
Industrials	111.11	111.11	111.11	111.11
Utilities	111.11	111.11	111.11	111.11
Finance	111.11	111.11	111.11	111.11
Bank	111.11	111.11	111.11	111.11
Insurance	111.11	111.11	111.11	111.11
Other	111.11	111.11	111.11	111.11

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
BAT	1000	20	20	+ 1/4
AMER	1000	20	20	+ 1/4
UNION	1000	20	20	+ 1/4
AMER	1000	20	20	+ 1/4
AMER	1000	20	20	+ 1/4

Dow Jones Bond Averages				
Close	Chg.	Prev.	High	Low
Bonds	102.25	102.25	102.25	102.25
Utilities	102.25	102.25	102.25	102.25
Industrials	102.25	102.25	102.25	102.25

NYSE Diary				
Class	Prev.	Chg.	High	Low
Advanced	258	258	258	258
Declined	258	258	258	258
Unchanged	258	258	258	258
Total Issue	258	258	258	258

Odd-Lot Trading in N.Y.				
Buy	Sell	Share	Chg.	Prev.
Nov. 4	207,284	63,373	2,299	2,299
Nov. 5	214,271	54,557	2,412	2,412
Nov. 6	252,257	57,141	2,299	2,299
Nov. 7	488,209	59,453	2,474	2,474

Dow Jones Averages				
Open	High	Low	Last	Chg.
Indus	181.72	180.47	180.47	-1.25
Trans	204.05	203.28	203.28	-0.77
Utilities	112.74	112.44	112.44	-0.30
Finance	142.28	142.28	142.28	0.00
Comp	74.26	74.22	74.22	-0.04

Standard & Poor's Index				
High	Low	Close	Chg.	Prev.
Industrials	274.24	273.29	273.29	-0.95
Trans	304.05	303.28	303.28	-0.77
Utilities	112.74	112.44	112.44	-0.30
Finance	142.28	142.28	142.28	0.00
Bank	74.26	74.22	74.22	-0.04

NASDAQ Diary				
Class	Prev.	Chg.	High	Low
Advanced	258	258	258	258
Declined	258	258	258	258
Unchanged	258	258	258	258
Total Issue	258	258	258	258

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We inform the bondholders that the redemption instalment of SUS 2,600,000, nominal due on December 15, 1986 has been satisfied by a drawing on October 9, 1986, in Luxembourg.

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The numbers of such drawn bonds are as follows:

From 13949 to 16548

Amount outstanding after December 15, 1986: SUS 23,400,000.

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Bond Market Pressures NYSE

NEW YORK — Prices on the New York Stock Exchange retreated in active trading Thursday, but by a weaker bond market, a slide in IBM and dampening takeover speculation, traders said. A round of late buying, however, lifted the day's losses.

The Dow Jones industrial average fell 7.45 points to 1,891.59. An hour earlier, the Dow was down nearly 20 points. Losers outpaced gainers, 905 to 656.

Broad-market indexes retreated. The New York Stock Exchange composite index dropped 0.36 to 141.55. The price of an average share fell 10 cents. Standard & Poor's 500-stock index fell 0.71 to 245.87.

Volume totaled 165.29 million shares, down from 183.17 million Wednesday.

The market opened lower but nosedived just before midday when the bond market retreated. Weakness in bond futures spilled into stock index futures, pushing those contracts to a discount to the cash indexes, traders said. The discount resulted in several sell programs, said Thomas Ryan Jr., vice president in charge of equity trading at Kidder, Peabody.

Mr. Ryan said concern that October employment figures, due out Friday, would be stronger than expected, made the fixed-income markets nervous, especially so on a day when the Treasury was auctioning \$9.25 billion of 30-year bonds.

Michael Metz of Oppenheimer & Co. agreed that equities got no help from the bond market. But he said enthusiasm for takeover situations was considerably lessened by stock-repurchase programs announced by CPC International

Wednesday and Goodyear Tire & Rubber Thursday, two companies that for weeks have been the subjects of intense takeover speculation.

"There are some bloody faces among the arbs," Mr. Metz said. "Even some of the professionals have had their heads banded to them."

He said the market had lost the momentum it needed to challenge its high of 1,919.71.

"With investment demand not terribly vibrant and a little more reticence among the takeover players, the market has more ground to give up," Mr. Metz said.

IBM retreated after the influential investment firm of Goldman, Sachs dropped the stock from its recommended list. Daniel Burton, Goldman computer analyst, said two surveys commissioned by his firm indicate that it is unlikely IBM's mainframe business will be able to offset weakness in its minicomputer and small-systems lines or that there would be a broad-based upturn in the domestic computer business.

On the economic front, the Federal Reserve reported that U.S. consumer credit expanded by \$8.37 billion in September. Mr. Metz attributed most of the rise to car purchases, but he said the figure shows the consumer so highly leveraged, that it is unlikely that consumer spending can give the economy much more support.

Goodyear was the most active NYSE-listed issue, falling 1/4 to 48. It authorized a buyback of up to 20 million of its shares. Sir James Goldsmith has proposed buying Goodyear for \$49 a share.

12 Month	High	Low	Stock	Div. Yld.	PE	52	High	Low	Close	Chg.
AA	110	105	105	4.0	15	10	105	105	105	+ 1/4
AB	108	103	103	4.0	15	10	103	103	103	+ 1/4
AC	106	101	101	4.0	15	10	101	101	101	+ 1/4
AD	104	99	99	4.0	15	10	99	99	99	+ 1/4
AE	102	97	97	4.0	15	10	97	97	97	+ 1/4
AF	100	95	95	4.0	15	10	95	95	95	+ 1/4
AG	98	93	93	4.0	15	10	93	93	93	+ 1/4
AH	96	91	91	4.0	15	10	91	91	91	+ 1/4
AI	94	89	89	4.0	15	10	89	89	89	+ 1/4
AJ	92	87	87	4.0	15	10	87	87	87	+ 1/4
AK	90	85	85	4.0	15	10	85	85	85	+ 1/4
AL	88	83	83	4.0	15	10	83	83	83	+ 1/4
AM	86	81	81	4.0	15	10	81	81	81	+ 1/4
AN	84	79	79	4.0	15	10	79	79	79	+ 1/4
AO	82	77	77	4.0	15	10	77	77	77	+ 1/4
AP	80	75	75	4.0	15	10	75	75	75	+ 1/4
AQ	78	73	73	4.0	15	10	73	73	73	+ 1/4
AR	76	71	71	4.0	15	10	71	71	71	+ 1/4
AS	74	69	69	4.0	15	10	69	69	69	+ 1/4
AT	72	67	67	4.0	15	10	67	67	67	+ 1/4
AV	70	65	65	4.0	15	10	65	65	65	+ 1/4
AW	68	63	63	4.0	15	10	63	63	63	+ 1/4
AX	66	61	61	4.0	15	10	61	61	61	+ 1/4
AY	64	59	59	4.0	15	10	59	59	59	+ 1/4
AZ	62	57	57	4.0	15	10	57	57	57	+ 1/4
BA	60	55	55	4.0	15	10	55	55	55	+ 1/4
BB	58	53	53	4.0	15	10	53	53	53	+ 1/4
BC	56	51	51	4.0	15	10	51	51	51	+ 1/4
BD	54	49	49	4.0	15	10	49	49	49	+ 1/4
BE	52	47	47	4.0	15	10	47	47	47	+ 1/4
BF	50	45	45	4.0	15	10	45	45	45	+ 1/4
BG	48	43	43	4.0	15	10	43	43	43	+ 1/4
BH	46	41	41	4.0	15	10	41	41	41	+ 1/4
BI	44	39	39	4.0	15	10	39	39	39	+ 1/4
BJ	42	37	37	4.0	15	10	37	37	37	+ 1/4
BK	40	35	35	4.0	15	10	35	35	35	+ 1/4
BL	38	33	33	4.0	15	10	33	33	33	+ 1/4
BM	36	31	31	4.0	15	10	31	31	31	+ 1/4
BN	34	29	29	4.0	15	10	29	29	29	+ 1/4
BO	32	27	27	4.0	15	10	27	27	27	+ 1/4
BP	30	25	25	4.0	15	10	25	25	25	+ 1/4
BQ	28	23	23	4.0	15	10	23	23	23	+ 1/4
BR	26	21	21	4.0	15	10	21	21	21	+ 1/4
BS	24	19	19	4.0	15	10	19	19	19	+ 1/4
BT	22	17	17	4.0	15	10	17	17	17	+ 1/4
BV	20	15	15	4.0	15	10	15	15	15	+ 1/4
BW	18	13	13	4.0	15	10	13	13	13	+ 1/4
BX	16	11	11	4.0	15	10	11	11	11	+ 1/4
BY	14	9	9	4.0	15	10	9	9	9	+ 1/4
BZ	12	7	7	4.0	15	10	7	7	7	+ 1/4
CA	10	5	5	4.0	15	10	5	5	5	+ 1/4
CB	8	3	3	4.0	15	10	3	3	3	+ 1/4
CC	6	1	1	4.0	15	10	1	1	1	+ 1/4
CD	4	0	0	4.0	15	10	0	0	0	+ 1/4
CE	2	0	0	4.0	15	10	0	0	0	+ 1/4
CF	0	0	0	4.0	15	10	0	0	0	+ 1/4
CG	0	0	0	4.0	15	10	0	0	0	+ 1/4
CH	0	0	0	4.0	15	10	0	0	0	+ 1/4
CI	0	0	0	4.0	15	10	0	0	0	+ 1/4
CJ	0	0	0	4.0	15	10	0	0	0	+ 1/4
CK	0	0	0	4.0	15	10	0	0	0	+ 1/4
CL	0	0	0	4.0	15	10	0	0	0	+ 1/4
CM	0	0	0	4.0	15	10	0	0	0	+ 1/4
CN	0	0	0	4.0	15	10	0	0	0	+ 1/4
CO	0	0	0	4.0	15	10	0	0	0	+ 1/4
CP	0	0	0	4.0	15	10	0	0	0	+ 1/4
CQ	0	0	0	4.0	15	10	0	0	0	+ 1/4
CR	0	0	0	4.0	15	10	0	0	0	+ 1/4
CS	0	0	0	4.0	15	10	0	0	0	+ 1/4
CT	0	0	0	4.0	15	10	0	0	0	+ 1/4
CV	0	0	0	4.0	15	10	0	0	0	+ 1/4
CW	0	0	0	4.0	15	10	0	0	0	+ 1/4
CX	0	0	0	4.0	15	10	0	0	0	+ 1/4
CY	0	0	0	4.0	15	10	0	0	0	+ 1/4
CZ	0	0	0	4.0	15	10	0	0	0	+ 1/4
DA	0	0	0	4.0	15	10	0	0	0	+ 1/4
DB	0	0	0	4.0	15	10	0	0	0	+ 1/4
DC	0	0	0	4.0	15	10	0	0	0	+ 1/4
DD	0	0	0	4.0	15	10	0	0	0	+ 1/4

USSR

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AN OVERVIEW OF THE ECONOMY The Program of Peace And Creation

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The XXVIIth Congress of the CPSU emphasized again the importance of further development of economic, scientific and technological relations...

It is in the equal business cooperation with all states that we see an important instrument to maintain peace and good-neighbored relations...



General Secretary of the CPSU, Central Committee, member of the Politburo of the Supreme Soviet of the U.S.S.R., M.S. Gorbachev.

"The Soviet Union favors fruitful and comprehensive economic, scientific and technological cooperation built on the principles of mutual benefit and devoid of any discrimination..."

Soviet Economy in the XIIIth Five-Year Period

By the end of the present century, the Soviet Union's population in all probability will exceed the 500-million mark...

As is generally known, the national economy of the U.S.S.R. has been developing on the basis of long-term planning...

The main accent in economic plans of the U.S.S.R. until the end of the century is put, as is appropriate for the practice of Socialism...

Let us then, consider these trends. In the course of the 15 years remaining until the end of the 20th century...

A characteristic feature of Soviet social progress is their comprehensive nature, embracing all categories of the population...

workers of monotonous and arduous labor and enabling them to fill their work activities with a creative content...

The Soviet Union is commonly known to have had no unemployment for upwards of five decades...

To give life to these social programs, it is necessary, by experts' estimates, to at least double the gross national income...

The dynamics of the Soviet economy have been fairly high. Since 1964 the gross national income of the U.S.S.R. has quadrupled...

On the other hand, however, the U.S.S.R. substantially lags behind the U.S. in the output of electric power...

always the ultimate goal. We are speaking now of comparable volumes, which prove that today the Soviet Union is no longer facing the problem of striving for quantitative growth...

Nowadays, other issues are of far greater importance in the economic competition with them, such as securing more efficient use of natural resources...

That is why the actual degree of employment of the potentials of the economic system of Socialism no longer fully satisfies the Soviet society...

Thus acceleration of the country's social and economic development in the 1980-2000 period has become an objective necessity...

One can reply in short that this is a five-year period of augmented complexity. The point is that it runs concurrently with restructuring of the country's national economy...

Quite understandably, in economics, unlike sports, setting records is not simple, however, to pin...

The U.S.S.R.'s Network of Foreign Economic Links: New Stage, New Opportunities

The long-term program of economic development formulated by the Communist Party of the Soviet Union (CPSU) creates favorable conditions for the expansion of the country's export potential...

This implies an increase in the volume and share of manufacturing industry products and especially of machines and equipment...

The projected measures for priority development of the machine-building industries and for the production of new generations of metal-working equipment...

The accomplishment of the task of improving the structure of Soviet exports largely depends on the measures which new finished and semi-finished products, and those with extensive industrial processing will be produced for export needs...

In parallel with this, the U.S.S.R. will certainly continue its traditional export of fuel and raw materials to reasonable quantities. There are notable opportunities for the expansion of the export of natural gas in connection with the development of the new Azovskan, Yamal and Sovetskaya gas fields...

The most progressive energy economy in the future export structure will certainly be electric power, where we have a strong production potential based on coal and atomic fuel. The U.S.S.R. has an integrated power system with the East European socialist states and is gradually stepping up the export of electricity to other countries...

Modification of the export structure in accordance with the decisions of the XXVIIth Congress of the CPSU, changes due to our improved policy, too. These changes will be aimed at speeding up the country's scientific and technical progress and expanding its export potential...

A course of deeper integration: Our country currently trades with 140 foreign states. The socialist countries account for the greater share (61 percent) of the country's foreign trade...

As was noted at the XXVIIth Congress of the CPSU, the traditional forms of cooperation which took shape during the period of creative development are no longer capable of securing dynamic growth for the country's foreign economic links...

In the new five-year development period, the U.S.S.R. will tackle a number of major projects in cooperation with C.M.E.A. countries, including the construction of a main pipeline from Yamal to the western border of the U.S.S.R. for stepping up gas deliveries...

Significant growth is also planned in trade with the socialist countries which are not members of C.M.E.A.: Yugoslavia, China, the DPRK (North Korea) and Laos. A special mention should be given to the substantial growth planned in the trade and economic links with the People's Republic of China...

Foreign trade has long been a major element of the Soviet national economy. Its contribution to the acceleration of the country's scientific, technical and economic development is growing each year...

The strategic course of the party at the transition to high organization and efficiency calls for drastic improvements in all our foreign economic activities and for active and consistent utilization of their opportunities in the accomplishment of the tasks of economic, scientific and technical development...

The XXIII five-year plan will be an important stage in the reorganization of the U.S.S.R.'s economic links with foreign countries. The task of restructuring step by step our foreign trade involves not only increasing a more efficient channel to our export and import, as formulated by the Congress, but also measures for its re-orientation from all ministries and organizations engaged in our country's foreign economic links...

peaceful coexistence, also stands for diverse cooperation and broad, long-term and stable trade and economic relations with advanced capitalist countries. Despite the appreciable deterioration of the trade and political situation in our business relations, the volume of mutual trade with these countries has grown by 19.7 percent over the past five years and reached 37.8 billion rubles in 1985...

There are stable trade and economic relations between the U.S.S.R. and the countries of Western Europe, which are our major trading partners among the advanced capitalist nations. This primarily refers to West Germany, Finland, France, Italy and Austria. In addition to ordinary trade, the U.S.S.R. will continue economic, scientific and technical cooperation with these countries...

Among all the advanced capitalist nations, the United States is the country with which the U.S.S.R. has the most complicated political and economic relations. The primary reason for this is the policy of confrontation and alienation pursued by that country. In the Political Report of the CPSU Central Committee to the XXVIIth Party Congress, it was clearly stated that we assign great importance to the size and character of our relations and that both countries have an objective need to live in peace with each other and to cooperate on an equitable and mutually beneficial basis...

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At this new historical stage, Soviet foreign trade is designed to play the part of a still more powerful accelerator of our scientific and technical and economic development. Much is to be done in the improvement of planning, management and organization of economic cooperation between the U.S.S.R. and foreign countries...

has spoken in favor of joint examination of international forums of the accelerated problems and prospects of world economies, of the immediate problems of disarmament and development, and of the expansion of trade and scientific and technical cooperation.

Successful implementation of the directives of the party congress in the field of foreign economic relations calls for a search for new ways and forms of effective trade and economic cooperation between the U.S.S.R. and foreign countries.

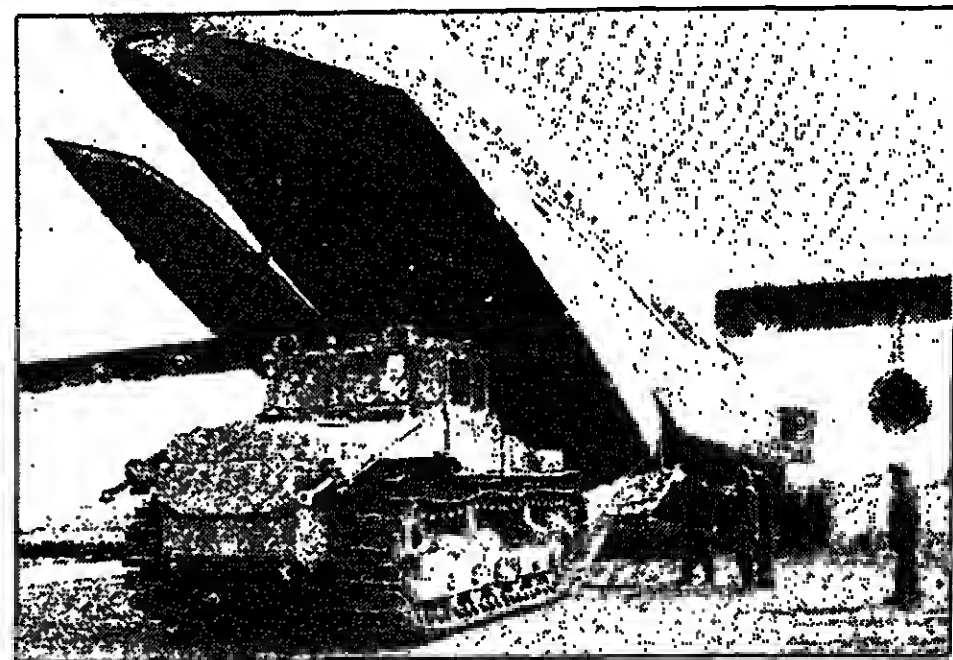
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point the sources of such investment, with the U.S.S.R. leads the world in the volume of invested capital, which has been rising from year to year. The country is implementing simultaneously such costly programs as power generation, food, housing, development of Siberia, to say nothing of the stable resources...

Third, to step up economic efficiency, the country has launched radical restructuring of the entire system of economic management. This is quite perplexing from both organizational and technical viewpoints, with old criteria giving way to new ones, more often than not of quite an opposite character, and with people being prone to changing slower than the situation...

This "readjustment" of the economic machinery would have been naturally more simple if sufficient time had been afforded for the takeoff. Unfortunately, as it is frankly recognized today in the Soviet Union, subjective miscalculations in economic management, and failure to perceive the necessity of introducing radical changes, had all but taken up this all-important time...

Therefore, in the years of the XIIIth Five-Year Plan, the national economy of the Soviet Union will, by stepping up its development rate, lay at the same time a strategic foundation for the ensuing phases of the long-term plans...

An even greater "bonus" has been given to such high-technology sectors as electronics, electrical engineering, instrument-making and biotechnologies. All in all, more than 200 billion rubles have been channeled to updating, re-



The containers terminal at the Merchant Port of Nakhodka.

construction and retrofitting of production facilities — in excess of the sum for the ten previous years.

The investment in consolidation of the material and technical facilities of scientific research has been stepped up by 70 percent. Needless to say, these resources did not "find themselves" — it was necessary to "pinch" new industrial construction and even to "mushball" a number of projects already becoming obsolete on account of prolonged construction periods, and to concentrate the thus freed resources on projects nearing completion...

quarters by saving on the existing input of energy and materials.

The gross national income in the Soviet XIIIth Five-Year Period should rise by about one-third (by 124 billion rubles in absolute figures, against 79 billion in the previous five-year period), the average labor productivity of the national economy by 23 percent. And, finally, the real per capita income should grow by 14 percent, which will also exceed the outcome of the XIIIth Five-Year Period. Hence, the XIIIth Five-Year Plan constitutes a turning point in the evolution of the Soviet economy. The use of the present time is international: although less than a year has passed since its starting date, statistics already indicate that the planned pace will be maintained.

—Leonid Korotkiy
Economic Columnist
NOVOSTI Press Agency

USSR

Problems concerning the state and prospects of Soviet-American trade are more and more frequently discussed nowadays by business and professional people, international relations experts and the mass media. This anxiety is in no way accidental. Its origin can be traced to recent events, to changes undergone by the world's economy and to effects of scientific and technological revolution upon the international community.

Vast response has been generated by the XXVth CPSU Congress and its decisions aimed at radical restructuring of the Soviet economy, intensification of the country's economic and social development and speed-up of modernization of industries and agriculture of the U.S.S.R. In fact, it is not evolution but revolution that is taking place in one of the largest present-day economies, which, beyond any doubt, cannot but be reflected in the world's economy in its entirety.

In this new environment of accelerated development, Soviet foreign trade is afforded the role of a catalyst of production, the means for reorienting the industries for active participation in the buildup of export potential, perfection of its structure and upgrading of the quality of products.

Giving natural priority to the growth of Soviet exports, we are by no means going to deprive ourselves of purchases of such goods which help fulfill the plans we have set before us. However, the development of imports

likewise should follow a path that is intensive and not extensive, accompanied by rising effectiveness, i.e. yielding to the country's economy the maximum effect per unit of the input of currency.

The general guidelines for the development of foreign trade, determined by the Congress, are supported by corresponding administrative decisions whose major objective is, on the one hand, deeper involvement of industries in the process of realization of international exchange, with due incentives for a businesslike and concerned attitude toward external markets, and, on the other hand, a quest for advanced patterns of commercial relations enhancing their effectiveness and mutual benefit. Thus, as far as the U.S.S.R. is concerned, there have been created real prerequisites for substantial and qualitative expansion of trade.

Not less important in a comprehensive discussion of issues of international trade are the economic problems that have been recently experienced to a rising degree by developed capitalist countries, echoed in protectionist trends in their external economic activities. Sharp fluctuations of price levels, particularly in the domain of energy and raw materials, unstable currencies and expansionist aspirations of the dollar have been rocking international trade, making the business community ardently wish stability, assuredness, dependable markets for purchases of raw materials and sales of manufactured

goods. Will these expectations come true?

The atmosphere in Soviet-American trade remains complicated, and overlooking the significance of this factor for international relations and the world's economy as a whole would have meant turning a blind eye to reality.

What has brought about the present situation? Why is it that the trade exchange between the world's biggest states amounts to (with grain sales excluded) less than US \$1 billion?

Without going into excessive details in unearthing historical precedents, one can comment that similar periods of stagnation have been recurrent in Soviet-American trade, falling precisely on those years when the U.S. administration adopted the course of confrontation, of attempting to gain military, political or economic "superiority" over the U.S.S.R.

Attempts of this kind were doomed to failure, and the outlook of their inspirators has been obviously bordering upon sheer illusion. This, however, does not render them less hazardous to the cause of peace. The U.S.S.R. has been persistently looking for the ways and means for reducing the tension, for an understanding that could relieve the threat to international peace. We regard foreign trade as an essential means of normalizing the situation and attaining stability in all international affairs. That is why the gate to the Soviet market is wide open to any foreign company, U.S. companies included.

The mutual interests of business circles of both countries in development of trade remains high. The meeting of

members of the American-Soviet Trade and Economic Council (ASTEC) held at the end of last year and gathered over 400 American businessmen agreed on the necessity of normalizing the trade situation, and advocated the expansion of two-way trade. Soviet foreign-trade organizations are engaged in negotiations on numerous potential projects of partnership with U.S. firms in such economic sectors as industrial agriculture, chemistry, petrochemistry, engineering, oil and gas production, light industries and others. One could not be certain at present which of these projects would come into existence, but one could at least hope that some of them would develop into reality.

Our counterparts in the U.S. administration also come forward with appeals for extension of trade. But the creation of a normal environment, mutually recognized by the business community as essential for trade transactions is made dependent on "progress" in other areas having nothing in common with trade.

Calling a spade a spade, this standpoint more from an attempt at trading with trade, which, as we firmly believe, is unacceptable in principle in international relations and even more so in relations between two great powers.

The Soviet Union never has and never will tolerate any interference in its internal affairs.

Could one speak altogether of large-scale and long-term cooperation when Soviet-American trade is devoid of the practice of financing the purchases of plant and equipment, universally recognized as an indispensable element of trade?

What resources do we have for

improving imports from the U.S.A. if Soviet exports to that country are not afforded the most-favorable status?

To finance our imports from the U.S.A. at the expense of our other Western partners would have been a very disloyal and unfair act. The United States annually purchases abroad \$40 to \$50 billion worth of goods, and one sales to other countries amount to \$100 billion a year. In all probability, it could have been possible to find in these huge volumes at least something to fill our import requirements if the door to the U.S. market for Soviet merchandise had not been permanently checked with a chain. Well, this chain can be removed only from the inside of the American foreign-trade policy.

Finally, there is yet another issue of immense importance for commercial relations — that of mutual trust. A contract, as is generally known, is signed only when it is mutually beneficial to both parties. Even the most meager digression from contractual terms inevitably leads to losses painfully felt by the seller and buyer alike. The experience of the last years, though, has taught both of them to be extremely cautious.

American legislation is so vague in interpreting the concept of inviolability of the execution of a contract that an American commercial partner has been deemed not too reliable in the eyes of the business community.

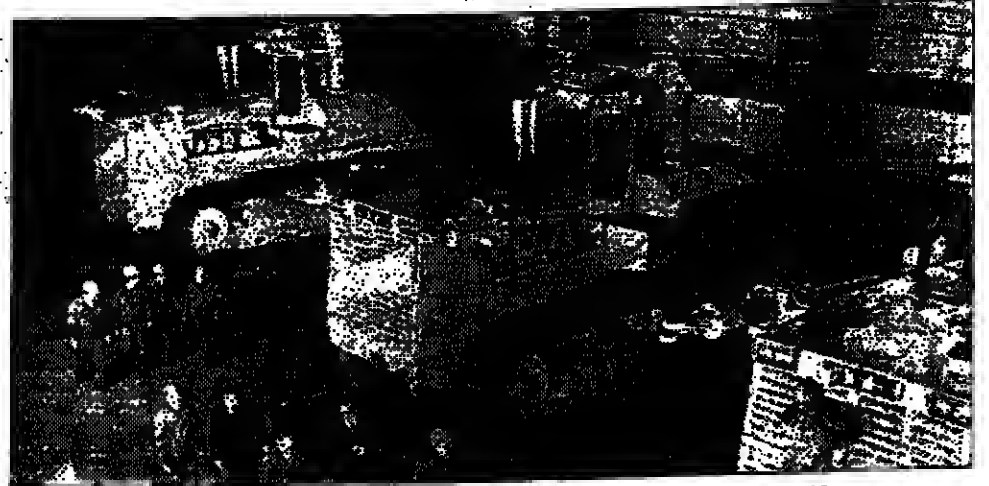
A still greater degree of vagueness pervades the issuing of export licenses by the U.S. administration. The overall picture suggests that the export policy of the U.S. in this sphere boils

down to making legal the situation where the administration wields the right to make decisions involving its freedom to refuse to grant export licenses of Soviet-American relations.

Once again calling a spade a spade, it is quite manifest that we are dealing with an attempt to use trade as a weapon in foreign policy.

So, what does Paradoxical though it may sound, the future shall be better. Not only because we cannot have it worse. Straight common sense is inherent in business as in no other facet of human relations. No country can thrive nowadays in economic isolation. International division of labor has become the hallmark of our time, the reality

The Soviet Union Is Willing to Expand Trade With the U.S.A.



These T-800 heavy duty tractors are built at the Cheboksary Industrial Plant.

down to making legal the situation where the administration wields the right to make decisions involving its freedom to refuse to grant export licenses of Soviet-American relations.

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Our successful partnership with firms of other countries, despite endeavors to obscure it and put artificial barriers and limitations in its path, is another reality.

We would not acquire obsolete or outdated plant and technologies and would always find reliable suppliers of the wants our economy really needs — that's the reality, too.

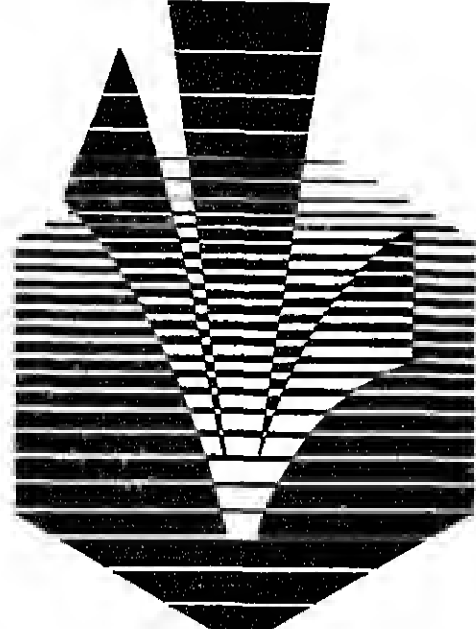
And, finally, we are looking for constructive ways of perfecting the foreign trade mechanisms of the U.S.S.R. In pursuance of the general strategy of

expanding mutually profitable trade and economic contacts, we envisage the employment of such patterns of partnership as cooperation in production and launching joint ventures and enterprises. This is also the reality.

The realities are bound to give birth to realism in Soviet-American economic relations, sooner or later. The sooner, the better. Otherwise a situation might occur when the train leaving for the Soviet market would leave the U.S. firms watching its departure.

— N.V. Zinov'ev
Director, Department for Trade with the Countries of America, U.S.S.R. Ministry of Foreign Trade.

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Trade With Countries of Western Europe

The countries of Western Europe claim precedence in the U.S.S.R.'s trade and economic relations with the industrially developed nations of the West. As a matter of fact, they account for 80 percent of the Soviet trade turnover with this group of countries.

Economic cooperation of the Soviet Union with the countries of Western Europe is based on strong traditions and stems from the mutual interests of both sides to promote trade and other forms of economic partnership on the principles of equality, non-interference in the internal affairs, reciprocal benefit, non-discrimination and observance of regulatory agreements.

The dynamic advance of trade and economic relations between the U.S.S.R. and the countries of Western Europe is explained by a reliable legal foundation formed by the bilateral trade agreements, long-term treaties on economic cooperation and by the programs detailed within the framework of such agreements. Intergovernmental joint commissions and committees as well as numerous study groups are highly instrumental in the promotion of economic relations with the West.

The signing of the Final Act of the Conference on Security and Cooperation in Europe had a favorable effect on the revival of trade and economic relations between the U.S.S.R. and the countries of Western Europe. In the decade of 1976 to 1983, the trade turnover with the nations of Western Europe grew by more than 40 percent, reaching the level of 30 billion rubles. The rates of growth became particularly dynamic in the years 1981-1983, when they surpassed the index of the previous five years by 76 percent, so that the U.S.S.R.'s turnover with the countries of Western Europe climbed to the level of the total foreign economic trade of the Soviet Union.

A tremendous effort has been initiated in the U.S.S.R. to restructure its foreign economic policies. M.S. Gorbachev, General Secretary of the Central Committee of the CPSU, stated in his report to the XXVth Party Congress: "...to the problem of active utilization of our foreign economic activities to the benefit of our accelerated develop-

ment we intend, step by step, to remodel the structure of foreign trade turnover, to make our exports and imports more effective."

Of all the developed countries of the West, the biggest Soviet trade partners are in Western Europe, including the Federal Republic of Germany, Finland, Italy, France and Great Britain. We have reached remarkable results in our trade with Austria, Belgium, the Netherlands, Sweden and Switzerland.

Quite logical is the high degree reached by the U.S.S.R. and the countries of Western Europe in the development of their trade and economic cooperation, which, as was stated in the Final Act, is establishing strong economic ties, thereby reinforcing long-term economic cooperation on the whole.

Industrial cooperation between the U.S.S.R. and the countries of Western Europe takes various forms. Namely, it has become a widely practiced example of partnership when West European companies assist the U.S.S.R. in large economic projects on a compensation basis. This form of cooperation is largely practiced by companies of Western Europe.

It suffices to mention the "contract of the century" as it was discussed by Western journalists, otherwise known as the "Gas-Pipes" Agreement. According to its provisions, some of the countries in Western Europe are now receiving natural gas fuel from Siberia in exchange for the pipes and certain equipment they had delivered to the U.S.S.R. The long-term contracts signed within the framework of this agreement provide for gas supplies from the U.S.S.R. up to the year 2010.

Another progressive form of partnership is cooperation and specialization in the sphere of production which permits, to the optimal degree possible, making the best of the international division of labor. As an instance of such cooperation one could mention the contract signed in November 1984 by relevant Soviet trade associations and companies of Finland for the delivery to the U.S.S.R. of two nuclear-powered icebreakers. The proposal, first formulated in the political report to the XXVth Congress of the

trade and economic cooperation between the U.S.S.R. and the countries of Western Europe involves a great number of small and medium-sized companies. They are operating not only as sales agents of the Soviet counterparts but are also acting as subcontractors of Soviet orders related with large Western companies.

However, we should not ignore the fact that in the past few years, some countries in Western Europe took steps to restrict their trade with the U.S.S.R. They joined the United States to their efforts to restrict the COCOM activities aimed at restraining "high-tech" Western exports to the U.S.S.R.

Some of them are advocating the theory of so-called "controlled technological backwardness of the U.S.S.R." Though it sounds like a paradox, it is an established fact: attempts are being made to withdraw from trade with the U.S.S.R. the commodities which are the issue of present and future trade, not only for the U.S.S.R. but, generally, are the backbone of progress for the whole of mankind.

Naturally, the West cannot monopolize technology. There are many spheres where the U.S.S.R. is the undoubted leader and where the Soviet achievements are gratefully employed by other nations. The COCOM veto is merely slowing down the pace of business cooperation between East and West, creating an atmosphere of mistrust in business relations.

The Soviet side objects, in principle, to the protectionist policy of the European Economic Community, which has imposed quantitative restrictions on some of the U.S.S.R.'s imports, denouncing them, for no reason, as "dumping sales." Unfortunately, we have to state that Western countries are resorting to various forms of embargo, trade sanctions and other tools of "cold war" which are undermining East-West trade.

In this connection, it will be relevant to note that the climate of trade and economic cooperation between West and East will become healthier if both sides decide to implement the proposal, first formulated in the political report to the XXVth Congress of the



Computers at the Institute of Information and Automation, the U.S.S.R. Academy of Sciences.

CPSU, to establish a universal system of international security which is also to embrace the sphere of economy and, as one of the steps, calls for dismantling on a world scale, all forms of discrimination and for denouncing the policies of economic embargo and sanctions.

"Not long ago, particularly after the fall of oil prices on the world market, Western circles took to speculating on the decline of the Soviet export capability. Speaking on the subject to the participants of the Davis symposium, early in 1984, Chairman of the U.S.S.R. Council of Ministers, N.I. Ryklov pointed out that "the specific feature of the new, 12th Five-Year Plan period will be cardinal changes in the structure of our industrial economy. Development of the machine-building industry will be accelerated. Scientific and technical progress will be advancing at higher rates. All this, plus the deployment of the huge scientific, pro-

duction and intellectual potential of the nation, will make it possible to realize tremendous qualitative changes in the production of modern industrial commodities, including the ones delivered to the world market."

The U.S.S.R. is prepared to make more profound its cooperation with the spheres of Western Europe in the spheres of technological developments, in the development of the agro-industrial complex, in the expansion of industrial cooperation and construction of joint projects.

The countries and companies in Western Europe, which intend to trade and cooperate with the U.S.S.R. on terms of equality and mutual benefit, will find in the Soviet Union a reliable and solid partner.

— Yu. P. Ledentsov
Director, Department for Trade with the Countries of Western Europe, U.S.S.R. Ministry for Foreign Trade

Trade Relations With ASEAN Countries

The Soviet Union has always expressed its willingness to maintain an open and honest partnership with any country, irrespective of its social and political system, provided that this partnership is based on full equality of the parties, non-discrimination in internal affairs.

This cardinal principle applies in its entirety to issues of evolution of trade and economic links with developing nations.

At present, over 100 developing countries are among the trade partners of the Soviet Union. In the last five-year period, the trade turnover with them was extended by one and a half times and reached the figure of 17.2 billion rubles in 1985, which amounted to 12.2 percent of the entire trade of the U.S.S.R. in that year.

The U.S.S.R. has been building its trade and economic partnership with these countries in pursuance of its desire to render them many-sided assistance in the establishment and development of their national economies, overcoming the colonial inheritance and advancing along the path of economic and social progress.

Prominent in the program of trade and economic links of the Soviet Union are relations with the states of the Asian and Pacific region. Stated General Secretary of the CPSU, General Committee M.S. Gorbachev in his speech in Vladivostok on July 28, 1986: "...in compliance with the guidelines of the XXVth Party Congress, the Soviet Union will strive for introducing dynamism into its bilateral relations with every single country situated there... We are willing to extend our links with Indonesia, Australia, New Zealand, the Philippines, Thailand, Malaysia, Singapore, Burma, Sri Lanka, Nepal, Brunei, the Maldives..."

A noble role in this group of countries is played by the members of ASEAN.

Today, the Soviet Union conducts trade with these countries on the basis of intergovernmental agreements signed in different years and stipulating the mutual affording of the most-favorable nation status in trade and merchant shipping and other principles governing trade between countries in an environment of equality and mutual

benefit. Payments for trade transactions are effected in freely convertible currency.

Over the five-year period from 1981 to 1985 the trade turnover of the U.S.S.R. with ASEAN grew by 73 percent and amounted to \$4.5 billion, as compared with \$2.6 billion in the preceding five years (1976-1980). The breakdown of these figures by countries is given in the chart below.

The Soviet Union has been regularly purchasing in these countries a broad range of commodities constituting their traditional deliveries to external markets. Among them: natural rubber and latex, palm and coconut oil (raw and processed), grain and fodder, tin, fluorapatite and several others.

The continuous presence of Soviet foreign trade associations on the premises of these countries has been positively influencing the stability of the pricing of their goods, and, consequently, the inflow of currency to the countries of the region.

The exports from the U.S.S.R. to ASEAN members embrace a wide spectrum of commodities of both the engineering kind (machine-tools, textile and printing machinery, oxygen-producing plant, electric motors, diesel engines and diesel-electric sets, tractors, road-building machines, bearings) and in the raw materials group (iron ore), as well as fertilizers and chemicals.

Also delivered are items of Tibex medicine, glassing and consumer goods. The cited figures attest, first and foremost, to the dynamic character of the commercial ties between the U.S.S.R. and the countries of ASEAN. However, it is quite evident that the growth of the turnover has been mainly due to the rising large-scale purchases in these countries by the Soviet Union of agricultural produce and mineral materials. The unbalanced trade of the trade exchange has become, to a certain degree, a limiting factor in its further expansion. And, although at the present stage the Soviet Union does not set up a task of completely balancing the trade with the countries of Southeast Asia, it would be only natural to expect that rising Soviet imports from these

countries should induce their growing acquisition of Soviet merchandise.

It is but a fair prerequisite for the trade between our countries to have firm perspectives and maintain its stable character.

A growing goods exchange between the U.S.S.R. and this group of countries could have been strongly promoted by the establishment of free-trade zones of economic cooperation. It should be borne in mind in this respect that the Soviet side is willing to consider an issue of repaying possible Soviet credits by deliveries of goods from the countries to the U.S.S.R.

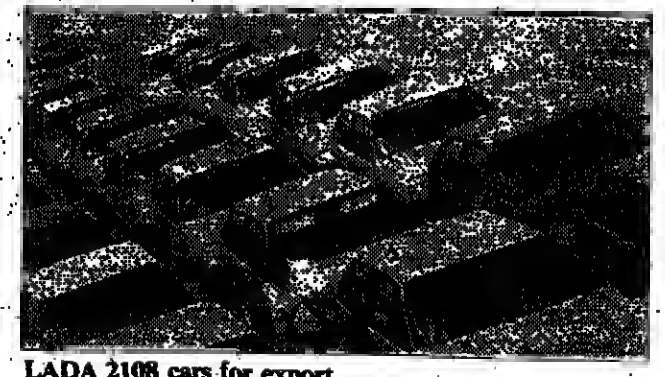
The trend toward expanding volumes of two-way trade could substantially draw from the wider introduction of new, traditional patterns and techniques of commercial transactions between our countries.

One should mention that certain steps in this direction have been already made in the recent years. The position of trade of the U.S.S.R. with the ASEAN members has been enriched by the pattern of concluding long-term accorded deals where, in compensation for the delivered goods, the Soviet Union imports traditional export products of these countries to the same or greater sum.

This principle, for example, underlies the deliveries to Thailand of certain kinds of chemicals, newspapers, certain kinds of films and equipment in exchange for purchases there of agricultural produce. Malaysian firms supplying palm oil to the U.S.S.R. have been reciprocating their sales by acquiring Soviet-made tractors, and so on.

Obvious prospects are other forms of transactions such as barter-character deals currently practiced with firms of Thailand and covering the shipping of cargoes of these Thai firms to Soviet merchant vessels to third countries, followed by purchases of Thai agricultural produce and manufactured goods to remunerate the charter costs.

Activation of business contacts, better familiarization with the mutual import demands and export capabilities are significantly promoted by cooperation along the lines of chambers of commerce and holding industry-and-trade and special exhibitions, as well as



LADA 2108 cars for export.

taking part in international fairs and exhibitions set up in the respective partner countries. Thus, exhibitions of commercial information of Soviet foreign trade associations have been held recently in a number of ASEAN countries (Thailand, Malaysia, the Philippines, Indonesia), and a major industry and Trade Exhibition of the U.S.S.R. is planned for this year in Bangkok.

In the last few years, the growth of two-way trade and creation of a more friendly atmosphere in relations between the countries have received a noticeable contribution from exchanges of visits by representatives of the countries' official and business circles.

One could mention in this connection the recent visits to the U.S.S.R. of an Indonesian delegation headed by Minister-Coordinator Ali Wardana (1984), a delegation from Malaysia headed by U.Jin San, Deputy Minister of Trade and Industry (1985), as well as the visits by a Soviet delegation headed by Ya. P. Ryklov, the then Deputy Prime Minister of the U.S.S.R. to these

countries in 1985. The visits contributed to more active trade on a mutually beneficial basis.

When the trade of the Soviet Union with the member-states of ASEAN is assessed in its entirety, it should be clear that there exist ample possibilities for its further expansion, as yet untapped.

One could add with all conviction that making these possibilities work would satisfy mutual interests. The improvement and development of trade and economic links between the Soviet Union and the countries of ASEAN will contribute beyond any doubt to the laying of a firmer foundation for mutual relaxation of international tension not only in this region, but in the whole world, will add a sizeable share to the cause of strengthening security in Asia and will be in keeping with the expectations and aspirations of our people.

— M.A. Kiselev
Director, Department for Trade with the Countries of Asia, the U.S.S.R. Ministry for Foreign Trade

	(\$ million)					
	1976-1980		1981-1985			
	Turn-over	U.S.S.R. exports	U.S.S.R. imports	Turn-over	U.S.S.R. exports	U.S.S.R. imports
Total	2,624	295	2,329	4,502	558	3,946
Including:						
Malaysia	1,064	50	1,014	1,600	97	1,503
Thailand	339	51	288	952	71	882
Singapore	338	92	246	850	197	653
Philippines	584	37	547	591	30	562
Indonesia	299	65	234	509	143	366

Handwritten signature or note in Arabic script.

USSR SPECIAL SPONSORED SUPPLEMENT

USSR SPECIAL SPONSORED SUPPLEMENT

Prospects of Trade With North Africa

The USSR trade with the North African countries — Algeria, Morocco, Libya, Tunisia and Egypt — is promising in trade relations of the Soviet Union with countries of the continent.

These countries were among the first in Africa to establish trade links with the Soviet Union. Trade with them has been shaped with full consideration of the specific features of their economic development, export capacities and import demands, and has attained impressive volumes in recent years.

Over the last five years, the trade of the Soviet Union with these countries has grown by nearly 60 percent, as compared with the 50 percent total growth of the Soviet foreign trade over the same period.

Here are some figures on the USSR trade with the countries of North Africa in 1985 (in million rubles):

Country	Turnover	Exports	Imports
Libya	961.2	85.4	877.8
Egypt	385.1	282.3	302.8
Algeria	405.2	132.3	272.9
Morocco	178.5	112.3	66.2
Tunisia	25.0	11.4	13.6

Accounting for current interests of these countries as partners to trade, work has been conducted recently on elaborating long-term programs of trade for the period ending 1992.

The Statement on Trade for 1986-1990 concluded with Algeria on October 4, 1985, defined the range and amounts of annual two-way deliveries of goods for this period.

Trade with Morocco has been prevailing following the agreement on trade of specified goods within 30 years, which was signed in 1978 within the framework of the Long-Term Agreement on Cooperation in the Field of Phosphates.

The two countries have been also negotiating medium-term programs of goods exchange. Such a program for 1985-1990 was signed on October 2, 1984. It specified the deliveries from Morocco to the USSR of certain fertilizers, superphosphoric acid and phosphoric acid, and from the USSR to Morocco of ammonia, calcium chloride, potassium chloride, oil, semi timber and some other goods.

Simultaneously, there was formed between the USSR and Morocco for the period of 1986-1990 a program of two-way shipments of commodities outside the agreement on cooperation in the field of phosphates. The corresponding agreement specified the deliveries from Morocco to the USSR of certain fertilizers, superphosphoric acid and phosphoric acid, superphosphoric acid and phosphoric acid, and from the USSR to Morocco of plant and equipment, oil, certain chemicals, construction materials, goods for social and cultural uses and pharmaceutical items.

Signed with Tunisia on September 18, 1985 was the agreement on goods exchange for 1986-1990 stipulating the deliveries from the USSR to Tunisia of plant and equipment, chemicals, construction materials and other goods, and from Tunisia to the USSR of phosphorus-containing goods, nonferrous metals and their concentrates, vegetable oil, products of light industries, raw silk and articles made of silk.



T-500 tractors built at the Cheboksary Industrial Plant.

The agreement on two-way deliveries of goods for 1986-1990 signed with Libya on April 14, 1986 set out the volumes of goods exchange and provided for yearly negotiation of the range and quantities of commodities to be supplied both ways.

Stated for deliveries in 1986 were Soviet-made machinery and plant-construction materials and timber, consumer goods and Libyan petroleum products, chemical and pharmaceutical items, and agricultural produce.

The trade with Egypt has been based on the yearly statement on goods exchange. A broad spectrum of goods counted the deliveries between the two countries, including Soviet-built machinery, fuel, chemicals, fertilizers, construction materials and Egyptian cotton fiber, certain foodstuffs, products of light industries, furniture and handicraft articles.

the tasks of developing industries, agriculture, transport and communication facilities, natural resources and other economy sectors. Fulfillment of these tasks is dependent on imports of various required commodities, including a broad range of plant and equipment, and diverse materials for use in production.

Essential capabilities for exports to the countries of North Africa of technological items and other goods they require have been predetermined by the economic growth of the Soviet Union. The Guidelines for Economic and Social Development of the USSR for 1986-1990 and for the period until the year 2000, approved by the XXVth CPSU Congress, have put forward the objective of stepping up the output of manufactured articles at least twofold.

— V.V. Volkov
Director,
Department for Trade with
the Countries of Africa,
the USSR Ministry for Foreign Trade.

conserving more metallurgical projects abroad, which are to produce 16 million tons of cast iron, 20 million tons of steel and 23 million tons of malleable castings.

We probably have no need to dwell in detail on the results and problems of cooperation in other areas. However, a few words need be said on the assistance the USSR is rendering in the training of national personnel in foreign countries. This is an intrinsic part of economic and technological cooperation.

By the beginning of 1986, Soviet organizations and experts had trained nearly 2 million foreign citizens, using all available forms of training. The most widely practiced form is the class run by Soviet experts directly at the cooperative projects in the course of their construction and operation.

This helped train nearly 1.1 million men, who have become skilled specialists in their respective occupations. Another contingent of 740,000 trainees received their professional education in the Soviet study centers, universities and secondary technical schools. More than 170,000 foreign experts have taken practical classes at Soviet production facilities. In the 1981-1985, more than 620,000 foreign citizens were trained, using some form of training. This is 1.2 times more than in the previous Five-Year Plan period.

In pursuance of the investment cooperation policy, as in all other forms of foreign economic relations, one of the fundamentals is the principle of mutual benefits. Cooperation cannot be developed at an intensive and progressive pace if our country will not expect certain economic benefits. These come mostly in the form of advantages provided by the international division of labor rather than from the profits due to the USSR's participation in the construction of this or that project or from any other unilateral economic privileges.

As stated above, exports of complete plants are one of the most promising forms of trade in the area of machinery and equipment, and its increasing rate of growth is good for the painful restructuring of Soviet exports. For the assistance we are rendering, our country receives imports of goods and commodities essential for the national economy and for the well being of the nation.

Another form of mutually beneficial cooperation, which is becoming a widespread and effective form of international trade, is that of agreements, i.e. construction of concrete projects abroad for which the USSR receives, as payments, the products of these projects. Such agreements are beneficial for both sides: they add stability to the imports of goods which are in demand on the USSR home market and, at the same time, expand the export capability of our partners, furnish their solvency and thus help pay Soviet credits. In 1981-1985, the USSR purchased the products of cooperative projects to a total of 23.7 billion rubles, which is a 1.5-times increase as compared with the figures of the previous Five-Year Plan period.

The new Five-Year Plan of economic and social development of the USSR, which was approved in June 1986, includes special clauses stipulating further promotion of this form of the investment cooperation policy. According to the plans, the USSR will furnish complete plants for 1,340 foreign projects. Our exports in terms of compensation agreements will be doubled. Accordingly, the new plan has established high target figures, both on the quantity and quality sides, for all aspects of this work.

Foreign Economic Relations

One of the most promising trends in the development of foreign economic relations in the Soviet Union has been, in the past three decades, assistance to foreign states in advancing their respective national economies.

Our country has grown into a world center of international assistance programs, a large exporter of complete plants for all kinds of projects and a supplier of associated technologies.

In the system of the USSR's foreign economic relations, this form is highly specific. It is characterized by close cooperation of traditional foreign trade and cooperation in the spheres of capital construction, production, science and technology.

In addition to exports of all kinds of complete plants, this form of cooperation includes a comprehensive complex of other services covering construction, installation, commissioning, work, consulting, preparation of project reports and technical documents, geological surveys, exports of associated licenses and know-how, training of national personnel and operation of projects.

More emphasis is attached to another form of cooperation: assistance in the development of entire branches of the national economy and of multi-industry economic complexes, participation in the implementation of big and multi-stage target programs and development, at the request of partner countries, of their national economic plans.

These forms of cooperation add to our economic relations with foreign states a more comprehensive and large-scale nature. Participation of the Soviet Union in the international division of labor and gainful utilization of all its advantages are becoming deeper, more stable and effective.

This form of cooperation requires a more comprehensive approach and involves difficult problems to be solved at all stages — beginning with the choice of the object of cooperation and ending with its actual operation. Soviet organizations are doing their best to make the objects, constructed with economic and technical assistance of the USSR, as competitive as possible, so that they can adequately benefit the national economies of our partners, raising the budget and currency income of these countries.

Difficult and complex though it is, economic and technological cooperation is not only highly effective from the national economy point of view but, as compared to other forms of foreign economic activities, it becomes the most vital factor in the active and effective solution of such essential political problems as building up and reinforcing the joint production potential of the socialist community, the assistance to newly liberated nations in reconstructing their economies and generally, of all their social life on progressive principles. This form of cooperation is an effective tool for conducting the policy of peaceful coexistence between states with different social and political structures.

Each year, G.K.E.S. is involved in numerous negotiations on economic and technological assistance to foreign states, conducted on the level of government and foreign trade associations. The year 1985 alone brought 127 agreements, protocols and other documents signed on a governmental level, and some 3,000 contracts and orders therefor for design, survey, construction, and supply of plant and materials, providing Soviet experts and training of foreign citizens in the USSR.

In 1966-1973, the volume of obligations our country accepted had grown in terms of cost by 2.5 times. In 1976-1985 this figure more than doubled, growing by 2.6 times. The number of cooperation projects, effective in terms of agreements and contracts signed by the beginning of 1986, has grown over the level of 4,700. During the past Five-Year Plan period, our obligations on foreign contracts involved 500 new industrial and other projects.

The pace of assistance rendered by Soviet organizations and the progress of work executed within the framework of our obligations can be best seen from export figures covering Soviet supplies of complete plants. However, we should bear in mind that these figures do not include the total volume of our work, because they omit the volume of our free-of-cost aid, the construction cost of design work, and the provision of Soviet experts and training of foreign personnel. Exports of complete plant in the past three decades were growing as shown in this table (in billion rubles):

1956-1960	— 1.90
1961-1965	— 2.29
1966-1970	— 4.69
1971-1975	— 3.06
1976-1980	— 10.27
1981-1985	— 15.63

The fact that supply of complete plants is an effective form of exports in the field of machinery and equipment is best proved by a considerable rise of their specific share in exportation of this group of products. In the past ten years alone it has grown by 1.3 times: from 28.8 percent in 1975 to 32.7 percent in 1980 to 37.2 percent in 1985.

In the course of the XIth Five-Year Plan period, complete Soviet plants were installed at 1,400 foreign projects. Over the span of these years, 662 projects had been put into commercial

operation. Additionally Soviet plants were commissioned in 134 foreign projects, in the form of individual power generating units, large machines, installation and process lines.

Altogether, the USSR has rendered assistance in the construction of 3,200 foreign projects — industrial, agricultural, transport, etc. From the investment cooperation point of view, these projects are a vital contribution to the national economy in these countries, where they are frequently the biggest in their field.

In 1985, the electric power stations built with the economic and technological cooperation of the Soviet Union, generated about 270 billion kWh (kilowatt-hours). As compared to the 1980 figures, electric power generation at our cooperative projects has increased by 30 percent. At nuclear power stations, electric power generation has nearly doubled in the five years, reaching in 1985 the level of 52 billion kWh.

Today, all power stations constructed abroad with Soviet assistance are generating nearly as much electric energy as all our national power stations were producing in 1980. According to the agreements signed, the USSR will be assisting, in the forthcoming period, the construction of electric power stations with a total capacity of 57 billion kWh.

According to available data, cooperative projects in ferrous metallurgy produced in 1985 nearly 25 million tons of cast iron and about 28 million tons of steel. These projects claimed 32 percent of total national output of cast iron and 25 percent of steel in the C.M.E.A. countries, and respectively, 43 percent of total national output of cast iron and 26 percent of steel in all the developing countries of Asia and Africa. According to present obligations, we shall aid in

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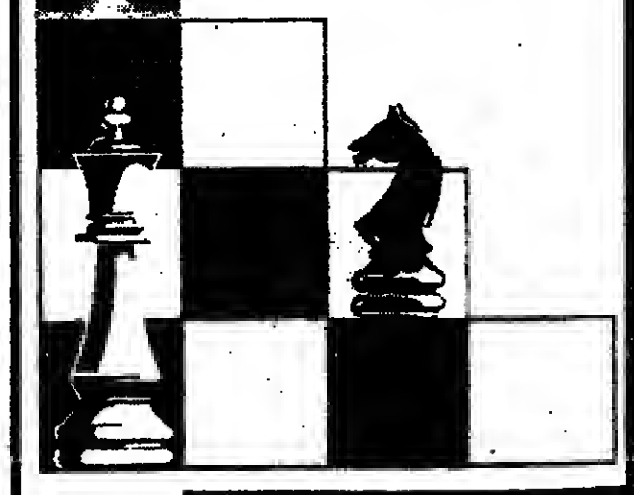
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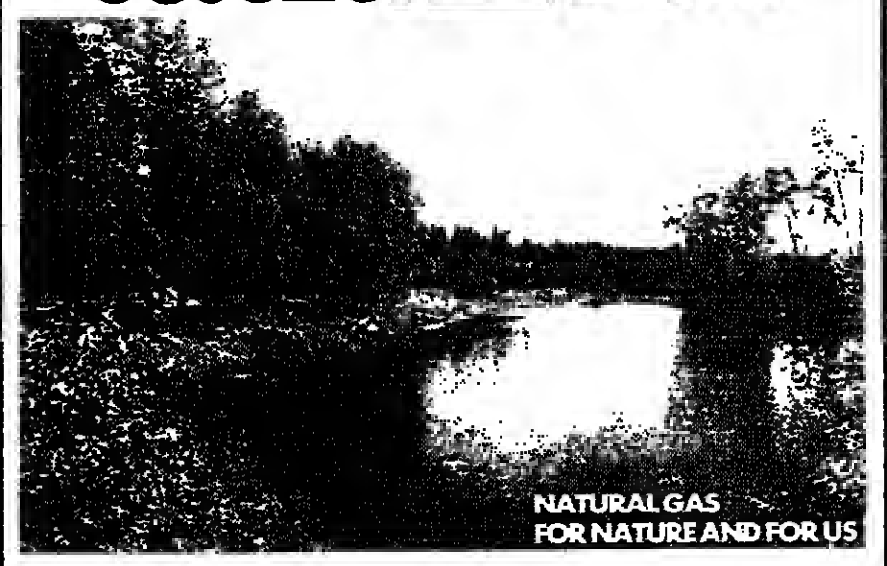
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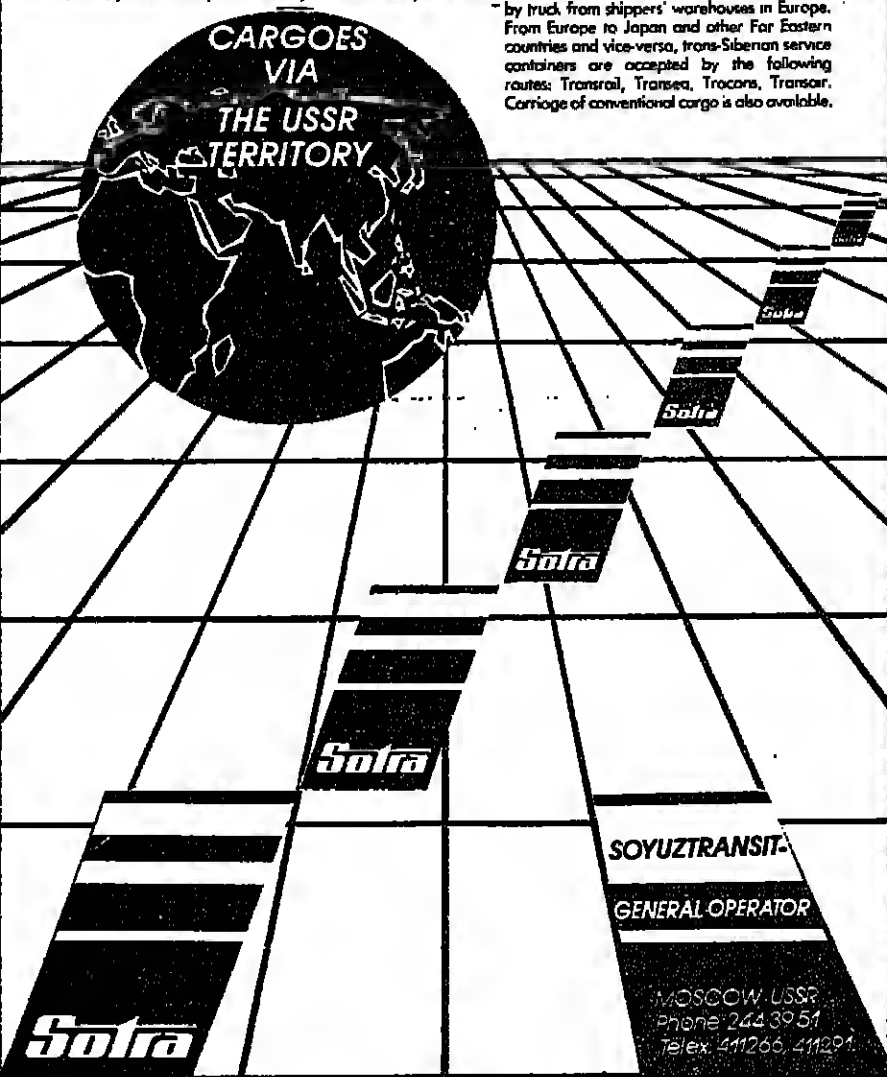
- EXINGAZ** — trade in natural gas with the countries of Western Europe. Export of natural gas to German Democratic Republic and Czechoslovakia. Transit of natural gas.
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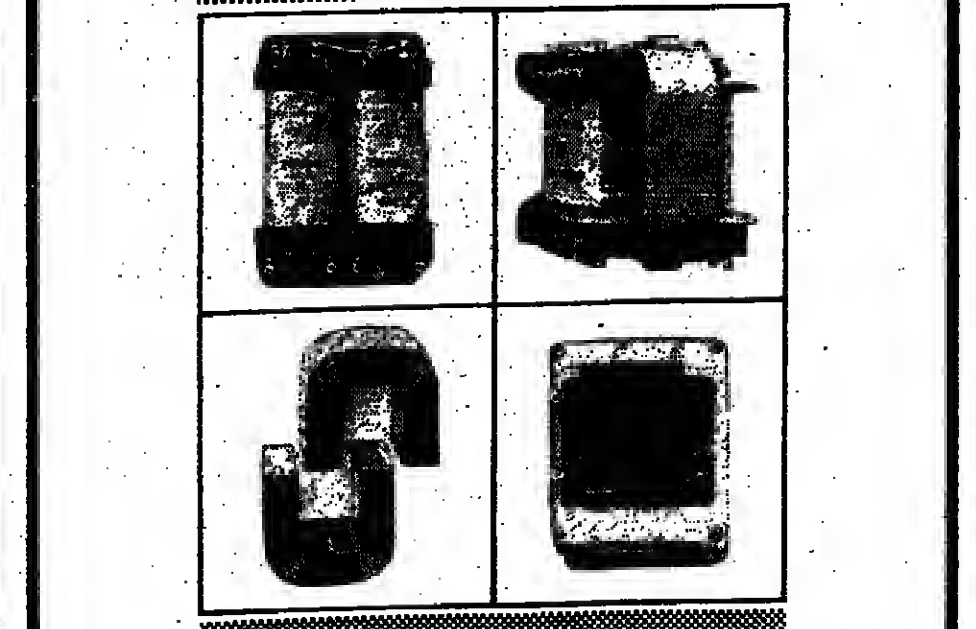
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Dow Index Down 7.45. Story on Page 10. 4 P.M. PRICES DOWN

Statistics Index table with columns for AMEX prices, NYSE prices, etc.

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TECHNOLOGY

Advances in Automation Widen Competitive Gap

By BARNABY J. FEDER

New York Times Service

NEW YORK — American manufacturers have long comforted themselves with the knowledge that the United States leads the world in the development of new manufacturing technology.

The best-known example is the industrial robot. Robot technology was born and bred in the United States during the 1950s and 1960s, and Americans are used to seeing photos of robots painting, welding and drilling everything from car bodies to dishwashers.

In a comparison with Japan, the U.S. seemed like "a desert of mediocrity."

A number of manufacturing experts have warned that U.S. flexible manufacturing systems that they have encountered with robots, but on a larger and more damaging scale.

He studied 35 flexible manufacturing systems in the United States and 60 in Japan in 1984 — a sample, he says, of more than half the installed systems in both countries.

"Rather than narrowing the competitive gap with Japan, the technology of automation is widening it further," Mr. Jaikumar wrote.

THE American manufacturers failed to exploit the flexibility of the systems. The computer-controlled machinery can handle a wide variety of parts and tasks with little human intervention.

Such automation may produce higher-quality products and improve worker productivity, but it is an expensive way to achieve such ends and it squanders the flexible systems' capabilities.

Mr. Jaikumar estimated that the Japanese have invested more than twice as much as their American peers in automation equipment over the past five years.

At the companies Mr. Jaikumar studied, more than 40 percent of the work force was made up of college-educated engineers, all of whom had been trained to work with computer-controlled machinery.

Chrysler May Buy AMC Sites Midwest Plants Said to Be Target

United Press International

DETROIT — Chrysler Corp. is considering asking its board of directors to approve the acquisition of a major portion of American Motors Corp., a newspaper reported Thursday.

The Detroit Free Press said the Chrysler plan would involve AMC's U.S. assembly operations in Ohio and Wisconsin.

AMC officials told the newspaper that the Chrysler board is not expected to examine the acquisition idea until it meets Dec. 4.

A Chrysler spokesman said Wednesday that he had no knowledge of plans for such an acquisition. An AMC spokesman denied Chrysler was interested in AMC.

If the board approves the acquisition, Chrysler would want to act by the end of 1986 to take advantage of tax benefits to be eliminated in 1987, the Free Press said.

The plan reportedly would involve acquisition of AMC's Kenosha, Wis., car assembly plant and the Toledo, Ohio, Jeep assembly plant.

"I have no knowledge of an acquisition of AMC's operations being on the agenda," Baron Bates, a Chrysler spokesman, said.

An AMC spokesman, Jerry Sloan, said rumors about Chrysler buying AMC have "been going on for two months. We continue to deny it and it continues to surface."

The French automaker, Renault, owns 46 percent of AMC.

Chrysler, which had more than \$3 billion in hand in cash, time deposits and marketable securities at the end of the third quarter this year, would gain by getting much needed production capacity at AMC's two U.S. assembly plants.

Last summer, Chrysler reached a novel contract with AMC to build Chrysler's large, rear-drive New Yorker and similar models at the Kenosha plant. The agreement involves about \$75 million for retooling, capital investment and training costs — most of which Chrysler will pay.

Framatome Under a Nuclear Cloud Chernobyl Blast, Overcapacity Hurt Business

By Jacques Neher

Special to the Herald Tribune

PARIS — France's \$1.5-billion-a-year nuclear-power plant industry is facing a major problem: Nobody wants its products.

Overcapacity at home and Chernobyl-related fear abroad have combined to dry up whatever business Framatome, the state-controlled reactor manufacturer, expected during the next few years.

The situation has put France's new conservative government — and its market-oriented economic policy — on the spot. It must decide soon whether to prop up the company to keep the 7,700-employee operation alive until the market picks up again.

"Since Chernobyl, nuclear energy has become a not-very-interesting business," said a Framatome spokeswoman, Arnette de Kerros, referring to the explosion at the Soviet nuclear-power plant last May. "We'll make some very big decisions about our future by the beginning of next year."

The company does not expect a new order from outside France for at least the next three years, Framatome's chief executive, Jean-Claude Levy, announced last month.

That prediction was the first public acknowledgment by Framatome officials that Chernobyl had halted its export development efforts for at least the foreseeable future.

"Except for a miracle, there won't be any new nuclear projects in 1987 and probably none in 1988," said Framatome's secretary-general, Gilbert Darmon. "After that, it's difficult to say. It'll depend on the price of oil and a change in the current crisis of confidence in nuclear energy."

This represented a change of position for Mr. Darmon. Immediately after the Chernobyl explosion, he expressed doubt that his company's export campaign would be seriously harmed.

He pointed out then that the design of Framatome's dozens of nuclear plants had little in common with the Soviet plant, a point made again in September.



The nuclear-power plant at Bugey, France

That month, Framatome's newsletter to prospective customers has been growing among residents in Hong Kong since Chernobyl.

Other articles in the 16-page newsletter described the safety record of Framatome's water-reactor design, which has had no major breakdowns.

Before Chernobyl, Mr. Darmon expressed optimism about Framatome's chances of capturing plant construction business in China, Egypt, South Korea, Yugoslavia, Finland and the Netherlands.

Under an ambitious program, China planned to build 10,000 megawatts of nuclear energy capacity by 2000. That program was reduced last spring when Beijing, strapped for foreign currency, announced a drastic slowdown in its nuclear program and canceled plans to award a contract to build two 1,000-megawatt units at Daya Bay, near Hong Kong — could be imperiled. The company acknowledges that position has been growing among residents in Hong Kong since Chernobyl.

Fiat Bid for Alfa Accepted, Ford Offer Rejected

Compiled by Our Staff From Dispatches

ROME — Finmeccanica, the Italian government-controlled holding company, announced Thursday that it had accepted Fiat SpA's bid for Alfa Romeo SpA over an offer from Ford Motor Co.

Finmeccanica's decision was announced after a meeting of its executive board. Later in the day, the decision was ratified by Istituto Per La Ricostruzione, the conglomerate that is Finmeccanica's major shareholder.

Final approval is up to the government, which is expected to take up the case on Friday. Corporate analysts have said that the government would find it hard to reject a convincing offer from Fiat, Italy's largest automaker and largest private employer.

Fiat did not disclose the price it offered for Alfa, the prestigious but troubled sports-car maker. Labor union sources quoted by United Press International said, however, that Fiat had offered 1.05 trillion lire (\$735 million) to be paid in five installments.

When it made the offer on Oct. 25, Fiat said it was willing to invest about 5 trillion lire in Alfa Romeo and cover the debts Alfa might run up until 1990, when it is expected to break even.

Alfa had losses of 245 billion lire last year. A statement from Finmeccanica said the Fiat bid, approved unanimously, was judged "the more advantageous for Finmeccanica."

"The proposal of Fiat was held to be economically more advantageous," IRI's chairman, Romano Prodi, said. IRI officials said the Fiat bid was not only economically superior to Ford's but offered better terms of employment for Italian workers.

Fiat bid for an immediate 51-percent stake in Alfa Romeo, which is 84-percent controlled by Finmeccanica. IRI holds a 16-percent stake in Alfa directly, while controlling Finmeccanica.

Under the plan, Fiat will merge Alfa with its sporty Lancia line to produce 620,000 cars a year by 1991.

Ford's offer, made Oct. 1, was to buy an initial 19.5-percent stake in Alfa Romeo for an estimated 150 billion lire, eventually raising its interest in a controlling stake within three years.

Ford also said it would invest up to \$2.57 billion in Alfa and would take responsibility for Alfa's debts after 1987 corresponding with its stake in the company. It had said it would not raise its offer.

In London, Ford of Europe's president, Alex Troiman, said his company's position had always been that it would not increase its offer "and that remains our position." (AP, UPI)

GM to Shut Plants With 29,000 Jobs

The Associated Press

DETROIT — General Motors Corp., ending weeks of speculation, announced Thursday that it would close 11 plants employing 29,000 people in four states.

The closings were expected after GM announced third-quarter operating losses of about \$338 million. GM said the decision to close the plants "is the first phase of the GM reorganization and modernization program, and other assembly, stamping, engine and component facilities are under study."

The 11 operations, all to be closed by 1990, are in Michigan, Ohio, Missouri and Illinois.

The closings are part of a \$10-billion program, GM said. Closing the 11 plants will save the automaker \$500 million a year in fixed costs, the company chairman, Roger B. Smith, said.

F. James McDonald, GM's president, said the work done at the affected plants now can be consolidated into other GM plants.

See PLANTS, Page 19

Goldsmith Group Makes Bid for All of Goodyear

Compiled by Our Staff From Dispatches

NEW YORK — Sir James Goldsmith, the British financier, said Thursday that he had offered to pay \$49 a share in a friendly merger transaction with Goodyear Tire & Rubber Co.

Sir James disclosed that his investor group had made the offer to acquire the 88.5 percent of Goodyear it does not already own. The offer would be worth more than \$4.73 billion.

Goodyear, however, indicated its preference to continue its restructuring program. Sir James said. He said his group would support the program if it gave Goodyear's stockholders more value than the group was prepared to pay.

But he also held out the possibility that his group might pursue its offer later.

As part of its restructuring, Goodyear announced Thursday that it planned to buy up to 20 million, or 18.3 percent, of its common shares outstanding in the open market.

The company also said it might sell its aerospace subsidiary. It already has said it plans to sell its Celoron Corp. energy unit.

Goodyear stock closed Thursday on the New York Stock Exchange at \$48, down \$1.25 from Wednesday's close.

Sir James's group said it would make a filing Thursday with the Securities and Exchange Commission to amend its filing a week ago, when the group disclosed its 11.5-percent stake in Goodyear and its interest in buying the company.

It was in response to the big investment by Sir James that prompted Goodyear to pursue a restructuring aimed at boosting stock values.

The investment group said Sir James made the \$49-a-share offer Wednesday during a meeting with Robert E. Mercer, Goodyear's chairman and chief executive, and their investment advisers.

Sir James said he was told by Goodyear's advisers that the company's proposed overall restructuring would be valued in the market at more than \$50 a share. At that point, Sir James reiterated that his group was unwilling to offer more than \$49 a share now.

He said he might also acquire more shares in the open market or in private transactions, or by tender offer or otherwise. (AP, Reuters)

Currency Rates

Table with columns for Cross Rates, Currency per U.S. Dollar, and other financial data.

Source: Reuters Bank of Tokyo, Citicorp, etc.

Interest Rates

Table with columns for Eurocurrency Deposits, Key Money Rates, and other financial data.

Source: Reuters Bank of Tokyo, Citicorp, etc.

U.S. Money Market Funds

Table with columns for U.S. Money Market Funds, Gold, and other financial data.

Source: Reuters Bank of Tokyo, Citicorp, etc.

Gold

Table with columns for Gold prices in various locations like London, Zurich, etc.

Source: Reuters Bank of Tokyo, Citicorp, etc.

Growth opportunities worldwide

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BUSINESS ROUNDUP

Shell Reports Profit Rose 20% in Quarter

LONDON — Royal Dutch/Shell Group, Europe's largest oil company, reported Thursday lower-than-expected net profit of \$525 million (\$735 million) for the third quarter.

Profit Down For Nissan In Half Year

TOKYO — Nissan Motor Co., Japan's second-biggest automobile manufacturer, said Thursday that sales and profit for the half year ended Sept. 30 fell sharply from a year earlier, mainly because of the yen's sharp appreciation.

COMPANY NOTES

All Nippon Airways Co. and C. Itoh & Co. agreed to participate in a joint venture to build a hotel and office building in Beijing, China.

GAP: Growing Wider

(Continued from first finance page) to upgrading manufacturing skills were three times as long as those in the United States.

GOTTEN ANY HOT TIPS LATELY?

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Rising Losses At Bank Stir Spaniards

MADRID — Banca Garriga Nogues' report that it had a loss of \$528 million for the fiscal year ending Sept. 30 points to lingering shakiness in the Spanish banking industry, banking sources said Thursday.

Deutsche Bank Silent on Purchase

FRANKFURT — Deutsche Bank AG had no comment Thursday on renewed newspaper reports that it was interested in buying the Italian subsidiary of BankAmerica Corp.

British Car Sales Increase

LONDON — Car sales in Britain last month totaled 133,082, a 2.05-percent increase on October 1985, the Society of Motor Manufacturers and Traders said Thursday.

BankAmerica Considering Sale of Schwab, Paper Says

SAN FRANCISCO — The profitable discount brokerage firm of Charles Schwab & Co. is among top candidates for sale as financial troubles bedevil BankAmerica Corp., according to published reports.

JAL Says Profit Fell 79% During First Half of '86

TOKYO — Japan Air Lines announced Thursday a 79-percent decrease in profits in the first half of its fiscal year, which it attributed mainly to the stronger yen and subsequent lower earnings abroad.

BUSINESS PEOPLE

Wright Goes to Fairchild Industries

By Arthur Higbee International Herald Tribune Paul E. Wright has been named president and chief operating officer at Fairchild Industries. He was recruited from RCA Corp., now a General Electric Co. subsidiary.

Iraq's Bank Creditors Meet

PARIS — Bank creditors met here Thursday to consider a request by Iraq to reschedule a \$500-million credit signed in March 1983, banking sources said.

bankers said. "Edgar is really the powerhouse of the family. He is still the No. 1 guy there."

UK Mortgages for Expatriates

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PEHUENCHE S.A. REPUBLIC OF CHILE

INTERNATIONAL PREQUALIFICATION PEHUENCHE PROJECT

CONTRACT CP-3.1 CONSTRUCTION OF THE MELADO DAM

EMPRESA ELECTRICA PEHUENCHE S.A. (PEHUENCHE S.A.) invites Chilean and foreign construction companies...

SALE OF DOCUMENTS The prequalification documents shall be available starting October 27th, 1986...

PRESENTATION DATE The information requested in the prequalification documents shall be received no later than 11:30 a.m. December 12th, 1986...

FINANCING The following financing sources are envisaged for the Pehuenche Project:

including payment documents in the name of Pehuenche S.A. for the indicated amount.

EMPRESA ELECTRICA PEHUENCHE S.A. P.O. Box 2422 - Santiago de Chile

Dresdner Finance B.V. Amsterdam, Netherlands. DM 500,000,000 5% Deutsche Mark Bonds 1986/1991 with Warrants to subscribe for 500,000 bearer shares of Dresdner Bank Aktiengesellschaft.

CURRENCY MARKETS

Dollar Lower in New York, Europe

Compiled by Our Staff From Dispatches

NEW YORK — The dollar was mostly lower Thursday as traders awaited U.S. employment data to be released Friday.

There's a general feeling that the economy is improving and that has tended to support the dollar, a bank dealer said.

A rumor that Treasury Secretary James A. Baker 3d would resign, denied by the Treasury, prompted a sharp fall in the bond market but had little impact on the dollar.

"Everything came to a halt for a moment, but nobody knew what to do," one dealer said.

In New York, the dollar closed at 163.15 Deutsche marks, down from 164.10; at 163.15 yen, down from 164.10; at 6.745 French francs,

down from 6.7425, and at 1.7185 Swiss francs, down from 1.7265.

The British pound closed at \$1.4270, unchanged.

Dealers said the dollar received minor support from speculation that Hoechst AG would have to sell marks for dollars in its \$2.72-billion bid for Celanese Corp.

The dollar closed in London at 2.0595 DM, down from Wednesday's close of 2.0650, and at 163.25 yen, down from 164.50.

The British pound also firmed against the dollar, closing at \$1.4315, compared with \$1.4230.

Dealers in London said the market was awaiting the U.S. employment figures for further direction. But the data is not expected to make a major impact unless greatly

out of line with expectations, they said. Most predict unemployment will be unchanged at 7 percent or decline slightly to 6.9 percent.

In the morning, there had been some confusion in the market after reports from the Far East that Japan was aiming for an exchange rate of 154 to 160 yen to the dollar.

But Japanese government officials later said the U.S.-Japanese currency-stabilization pact was not designed to set a specific yen/dollar target.

In earlier European trading, the dollar was fixed in Frankfurt at 2.0691 DM, up from 2.0580, and in Paris at 6.7460 French francs, up from 6.7315. It closed in Zurich at 1.7215 Swiss francs, down from 1.7237.

London Dollar Rates

Table with columns: Currency, Rate, Change. Includes Deutsche mark, Swiss franc, Japanese yen, British pound, French franc.

M-1 Rose \$1.7 Billion For Week of Oct. 27

NEW YORK — M-1, the basic measure of the U.S. money supply, rose \$1.7 billion in late October, the Federal Reserve said Thursday.

M-1, which includes cash in circulation, checking accounts and nonbank traveler's checks, rose to a seasonally adjusted \$704.2 billion in the week ended Oct. 27.

TRADE: U.S. Restrictions Forecast

(Continued from page 1) likely to support methods, already being pursued by the administration, to discourage other countries from obstructing imports of American goods, rather than erect American barriers to their imports.

Aides to Democratic senators said that next year's trade legislation was most likely to build upon proposals that Mr. Bentsen made this year to restrict the administration's ability to negotiate trade agreements on its own.

Japanese Express Concern Japanese political leaders and newspapers expressed concern on Thursday that the Democratic election victories had increased the prospects for protectionist legislation aimed at Japan.

"This is not good for us, that seems clear," a member of parliament from the ruling Liberal Democratic Party said.

Publicly, senior government officials were cautious, echoing remarks by Prime Minister Yasuhiro Nakasone that relations between the United States and Japan would remain friendly. Nevertheless, the prime minister also hinted that he held a few doubts, saying he had "deep concerns" about who would head Congressional committees that deal with trade and defense matters.

FRAMATOME: Chernobyl Blast, French Overcapacity Ruin Business

(Continued from first finance page) tract this year for another twin reactor, near Shanghai.

Framatome decided early this year to emphasize its export business after Laurent Fabius, then prime minister under the Socialist administration, told France's state-owned electric utility, Electricite de France, that it would be authorized to order construction of no more than one reactor a year through 1989.

This came as a shock to Framatome, a company built to deliver five or six plants a year during France's nuclear-energy expansion program through the 1970s and early 1980s.

Now the company is facing another shock. According to Mr. Darmon, the government of Prime Minister Jacques Chirac has pro-

posed cutting Electricite de France's budget to a level that would permit construction of only two plants every three years.

Because it would be difficult to keep the business going at that level of activity, the Framatome executive said he was still hopeful that the government would maintain the one-plant-a-year schedule when the utility's budget is decided later this month.

"I can't believe the government will let the nuclear industry in France disappear," Mr. Darmon said. "This isn't an industrial problem, but a political problem."

Sharing that opinion was Pierre Nicolas, an energy-industry consultant with Enerfinance based in Paris. Although there will be little, if any, real need for new nuclear plants in France through the 1990s, by 2000 the nuclear plants built in the early 1970s will be ready for replacement.

"When France needs new nuclear plants, it will want the latest technology, and it can't have this technology if it doesn't keep the

industry going," Mr. Nicolas said.

At stake, said Framatome's spokesman, is France's independence in a critical technology. The big problem is that capacity exceeds demand in France. With 42 reactors in operation, Electricite de France has begun exporting surplus electricity to neighboring countries. With 15 additional units scheduled to be completed in the next few years, the utility estimates that by 1990 France will have a surplus of 6 to 10 units.

Adding to the problem is the fact that Framatome's product has performed well: According to the company, plants are in service 83 percent of the time, against an average 65 percent in the United States.

Last year nuclear energy produced 213 billion kilowatt-hours, or about 71 percent of all the electricity produced in the country. That share is expected to rise past 80 percent in the 1990s.

The nuclear build-up has yielded a formidable reserve of knowledge and, without new orders, Framatome is expected to increase its efforts to make money by selling that knowledge around the world. The United States, which produced 328 billion kilowatt-hours of electricity by nuclear means in 1984, is Framatome's first target.

The company won a lucrative contract earlier this year to service a Westinghouse-built reactor in Rochester, New York. It has not yet found any other business in the highly competitive U.S. market but Mr. Darmon said Framatome was holding talks with several utilities.

Framatome has won service-maintenance contracts in Spain, Yugoslavia, Belgium and Sweden, leading Mr. Darmon to predict that the company will earn a little less than 1 billion francs in service-related revenues in 1986.

In addition, Framatome is expected to push harder to diversify into other high-technology businesses. Already it has moved into water desalination, artificial intelligence, computer-aided engineering and computer-aided documentation systems.

PLANTS: GM to Close 11

(Continued from first finance page)

"which will make those plants more cost-competitive and enhance GM's ability to increase its share of sales and profitability."

The company said it would establish teams to provide consulting and other services to employees at the plants to be closed. Some of the workers can transfer to other GM plants, it said.

The plants include the Fleetwood and Clark Street assembly plants in Detroit, to be closed by the end of 1987; the Flint Body-Pontiac assembly operation in Flint and Pontiac, Michigan, by the end of 1987; and the Chevrolet-Pontiac-Canada group plant in Cincinnati, in mid-1988.

Also to be closed is a stamping plant in Hamilton, Ohio; a GM Truck & Bus Group plant in St. Louis, Missouri, by mid-1987; a Buick-Oldsmobile-Cadillac group stamping plant at Willow Springs, Illinois; the Comer Street stamping plant in Detroit; the Pontiac Central Plant, building trucks and buses, by August 1988; and the Truck and Bus Assembly plant No. 1 in Flint, by August 1987.

GM said the three stamping plants will be phased out gradually, and will be closed by 1990.

THE EUROMARKETS

FRNs Skid, but Then Rally; 2 Big Floaters Are Launched

By Christopher Pizzey

LONDON — The floating-rate-note sector of the Eurobond market was again in the limelight Thursday as prices at one stage looked like they would repeat Wednesday's massive falls, dealers said.

But by the close many issues had rallied from the lows, to finish 10 to 25 basis points lower.

"The morning was awful," said a trader. "Prices just crashed off again."

In the primary market, the Province of Alberta launched a \$1.25-billion package that included a \$500-million floater.

Dealers noted that there was also another floater launched Thursday, a \$500-million issue for Citicorp, the first ever perpetual-note issue for a U.S. commercial bank.

Both the new issues were quoted within their total fees but a trader at a European house said: "The market had two issues today and that was two to many. We need a break."

The senior dealer at one firm noted that some of those issues paying the London interbank bid

rate, or Libid, or below now give the investor a return comfortably over those paying the London interbank offered rate, or Libor.

"The trouble is, people still don't seem to want to buy it (a Libid issue)," a dealer said.

The \$500-million Citicorp floater pays 3/4 point over the three-month Libid. It will rank as primary capital and has an investor put option after 30-years and annually thereafter.

If Citicorp does not pay a dividend on its preferred, or common stock, interest will accrue on the notes until dividend payments are resumed. The lead manager was Goldman Sachs International Corp., and the issue was quoted at 99.52, inside the total fees of 65 basis points.

The seven-year province of Alberta floater pays 1/32 point over six-month Libor and finished at 99.93, inside the total fees of 10 basis points.

The straight part of the package was initially for \$500 million, but it was quickly raised to \$750 million following substantial demand. The issue pays 7/8 percent over five years and was priced at 100%.

ced Thomas P. O'Neill Jr., Democrat of Massachusetts, as House Speaker, added that "Congress will act in the interest of the American economy and begin to stanch this process that is taking American jobs and eroding our industrial base."

Senator Lloyd Bentsen, another Texas Democrat and the probable new chairman of the Senate Finance Committee, said "the No. 1 issue will be trade."

Some members of Congress say they fear new trade restraints because one nation's efforts to protect its industry often leads to retaliatory actions by other nations.

"The implications for protectionism are ominous," said Senator John H. Chafee, Republican of Rhode Island and a member of the Finance Committee. A new trade law, he added, could be useful. "It's the tilt of the legislation that's the trouble," he said.

A prominent European ambassador here said, "It is perfectly clear that, if you have Lloyd Bentsen as head of the Finance Committee, you will have a protectionist trade bill."

Senator Daniel Patrick Moynihan, Democrat of New York and also a member of the Finance Committee, said Congress was more

Britain to Raise Public Spending

United Press International

LONDON — The government announced Thursday a 1.25-percent increase in public spending over the next 2 1/2 years. The decision was widely regarded as part of Prime Minister Margaret Thatcher's campaign for a third term in office.

Chancellor of the Exchequer Nigel Lawson told Parliament that public spending would rise to £48 billion (about \$207 billion) from the £47.9 billion forecast in the spring budget.

He also said that because the collapse in oil prices had forced a "sharp cutback" in North Sea investment, the Treasury planned to speed up repayment of advance taxes paid by companies. He said this would total £300 million in the fiscal year ending April 1987 but "will be fully recouped over the next three years." Economic prospects for 1987 were "generally encouraging," Mr. Lawson said.

YVES: Italian Buys Part of YSL

(Continued from page 1)

the Ritz. Mr. Saint Laurent, the founder of the fashion concern and his partner, Mr. Bergé, together would own another 40 percent.

The remaining 20 percent would be owned by Charles of the Ritz's current management.

Mr. de Benedetti said: "We cannot comment on the report, but I can tell you that we will be very supportive of Yves Saint Laurent's ambitious international expansion. It will be our platform for expansion in the luxury-products field."

He added that the move is part of CIR's international expansion. CIR, whose full name is Compagnia Industriale Riunite, also controls Olivetti.

Mr. Bergé added, "We need to grow faster, we need partners and that is why we have joined with CERUS in this venture."

Neither Mr. de Benedetti nor Mr. Bergé would provide any details on expansion plans.

Saint Laurent expects to report net earnings rose to about 65 million francs this year from 56 million francs last year, while turn-

over fell slightly, to around 262 million francs, according to Mr. Bergé.

At Squibb headquarters in Princeton, New Jersey, a spokesman, William O'Donnell, confirmed in a telephone interview that the company has been seeking to divest itself of Charles of the Ritz, which it acquired in 1971, and that the company was still studying various options.

Since June, a study has been under way by Goldman Sachs & Co., a New York-based investment bank, to assess the various solutions being examined by Squibb, which Mr. O'Donnell did not identify.

Charles of the Ritz employs 4,000 people worldwide. Last year, the company reported sales of \$432 million, an increase of \$32 million over 1984. Its main manufacturing facilities are in the United States, France and Britain, but it also produces cosmetics in Australia, Canada, Mexico and Spain.

Mr. de Benedetti and Mr. Bergé said that they planned to list shares of Saint Laurent on the Paris Bourse, probably in 1989.

Thursday's OTC Prices. NASDAQ prices of 154 New York stocks. Via The Associated Press.

Table A: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. Change. Lists various stocks like AIG, AIGP, AIGS, etc.

Table B: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. Change. Lists various stocks like AIG, AIGP, AIGS, etc.

Table C: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. Change. Lists various stocks like AIG, AIGP, AIGS, etc.

Table D: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. Change. Lists various stocks like AIG, AIGP, AIGS, etc.

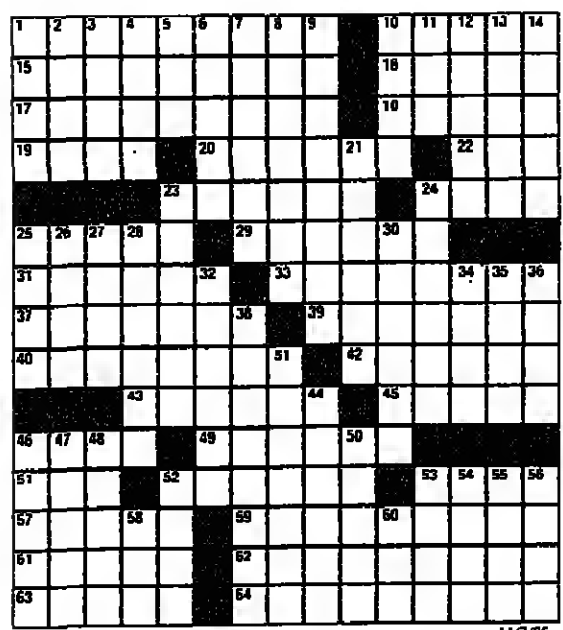
Table E: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. Change. Lists various stocks like AIG, AIGP, AIGS, etc.

Table F: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. Change. Lists various stocks like AIG, AIGP, AIGS, etc.

Table G: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. Change. Lists various stocks like AIG, AIGP, AIGS, etc.

Table H: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. Change. Lists various stocks like AIG, AIGP, AIGS, etc.

Table I: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. Change. Lists various stocks like AIG, AIGP, AIGS, etc.



ACROSS

1 Tasso's "Delivered"
10 Type of bridge
15 Take out
16 Seal in an oriel
17 Apart
18 Swinburn's "Balcon"
19 Ken
20 Division of a hockey game
22 Dramatist
23 Actor Wynne
24 This bloke may be a fool
25 "The" was to wander in"
28 Yuletide in Roma
31 What tipplers do
33 Hairs
37 Unable to come about, as a sailboat
39 Starts a trek
40 Lodge
42 Slow up
43 The "Midland counties"
45 Verboten verbiage
46 Something to castigate

DOWN

14 Put on guard
21 Wilkiss
23 Block
24 Reaches
25 He wrote "The Making of an American"
26 Hawks' home
27 Make — for (try to get)
28 Most calamitous
30 Delicacies
32 Undiminished
34 Of the dawn
35 Large kangaroo
36 Noi ms: Abbr.
38 Swain song
44 A brace of shales
46 Biblical mountain
47 Mezzo-soprano
48 Jerez, once
50 Family name of Pius X
51 "A man or an angel?"
52 Uplike's "The Door"
53 "Well..."
54 Peeve
55 Fill to
56 "Swiss Family Robinson" author
58 Shoot the breeze
60 Atmosphere: Comb. form

© New York Times, edited by Eugene Malachuk.

DENNIS THE MENACE



* 'EMON, LET'S PEEK INSIDE AND SEE IF THERE'S ANY EARS OR NOSES ON THE FLOOR.*

JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

SNAIE
FARCS
TROIGE
SNIPOO

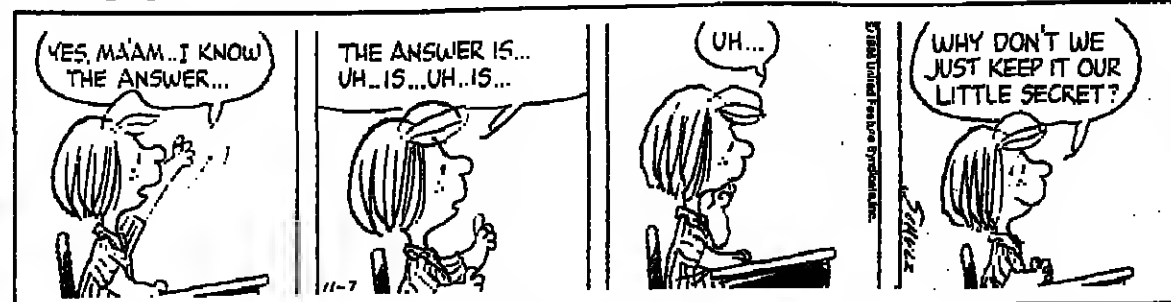
WHAT SHE SAID WHEN THE CHIMNEY SWEEP PROPOSED MARRIAGE.

ANSWER: YOU "ME" (Answers tomorrow)

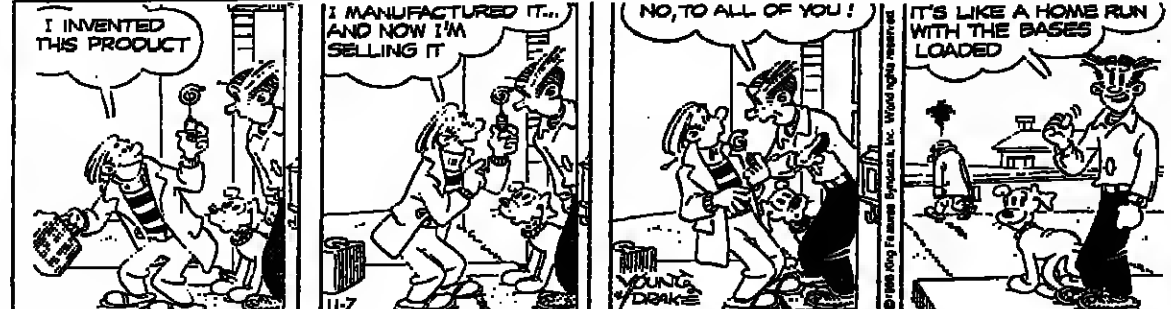
WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Aberdeen	11	5	Bangkok	27	23
Amsterdam	11	5	Berlin	14	8
Athens	12	6	Buenos Aires	21	15
Birmingham	13	7	Calcutta	28	24
Boston	10	4	Chengde	14	8
Brussels	10	4	Hankow	17	11
Cardiff	10	4	Hong Kong	21	15
Chicago	10	4	Kobe	17	11
Copenhagen	10	4	London	11	5
Dallas	10	4	Manila	27	23
Edinburgh	10	4	Osaka	17	11
Geneva	10	4	Seoul	14	8
Helsinki	10	4	Singapore	27	23
London	10	4	Taipei	21	15
Madrid	10	4	Tokyo	17	11
Moscow	10	4			
Munich	10	4			
Nice	10	4			
Oslo	10	4			
Paris	10	4			
Prague	10	4			
Rabat	10	4			
Rome	10	4			
Stockholm	10	4			
Tel Aviv	10	4			
Vancouver	10	4			
Warsaw	10	4			
Zurich	10	4			

PEANUTS



BLONDIE



BETLE BAILEY



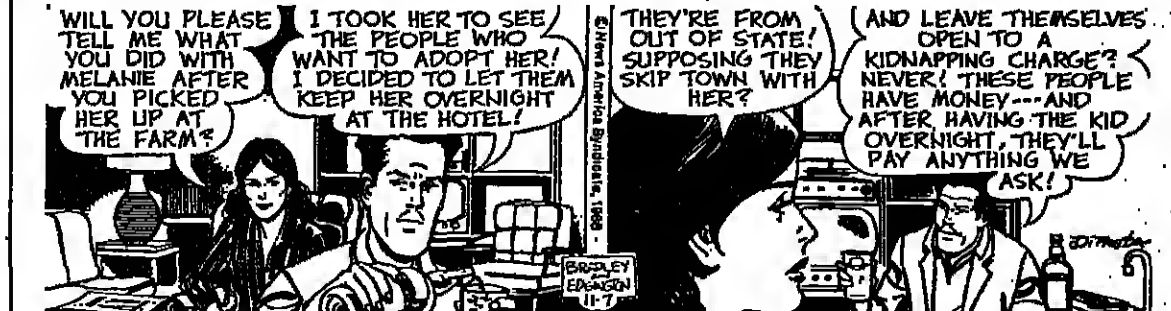
ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



BOOK BRIEFS

A TASTE FOR DEATH, by P.D. James. Alfred A. Knopf, 201 East 50th Street, New York, N.Y. 10022.

Bodies are in the opening sentence of P.D. James' 10th novel, "A Taste for Death," discovered at 8:45 on the morning of Wednesday 18 September by Miss Emily Wharton, a 65-year-old spinster of the parish of St. Matthew's in Paddington, London, and Darren Wilkes, aged 10, of no particular parish as far as he knew or cared. But before we get further details, James begins to circle and digress in a way that provokes uneasiness. By the time we arrive at the bloody scene in which woman and boy discover in the church's vestry two corpses with their throats brutally slashed, our curiosity over the bodies is nearly overwhelmed by the questions of where James is headed and how she is going to knit the skein of digressions she has introduced.

Somewhere there may be a key to all the apparent patterning in "A Taste for Death." It may lie in the book's many literary references — to Barbara Pym, Philip Larkin, Anthony Trollope, Edith Wharton and William Shakespeare. But the questions posed by the cut-throat murders are not posing enough to demand our attention to all the detail that follows. At the end, that writer of detail is insufficiently related to the outcome. (NYT)

ANAGRAMS, by Lorrie Moore. Alfred A. Knopf, 201 East 50th Street, New York, N.Y. 10022.

One of the best things about Lorrie Moore's novel is its title, a reference to her heroine Benna's habit of "trying to make anagrams out of words that weren't anagrams" (moosecap and menopause; gullies and gulls; lovesick and evil louse) and her tendency to mis-hear and jumble sentences spoken by friends ("I never want to see you again" becomes "I want to see again"). At the same time, it is an allusion to Benna's efforts to reinvent herself to become someone else through fantasy and imagination.

Cleverly assembled as a sequence of five overlapping stories, "Anagrams" appears at first to give us a series of variations on the

Solution to Previous Puzzle

GENS	DRAM	SPINS
ABIT	TORE	PIGNET
NOVA	SATL	ERNIE
ELEGIAC	TOCSINS	
FINNANHADDIE		
AGT	MODERATE	
GUSTO	BAWLS	HOW
ARNE	SUNNY	TATE
RAE	CHRIS	ARBOR
ELEPHANT	ADE	
FINNEANDDANDY		
SCRAPED	INSTORE	
LOONS	DSTE	IBIS
OMANI	ULEX	SENE
BADEN	TARA	ELKS

11/7/86

BRIDGE

By Alan Truscott

RECENT bridge history suggests that the next world women's team championship in Jamaica in a year's time, will see Britain and the United States battling for the title. But it will not greatly surprise the cognoscenti if both are upset by the Netherlands, and the leading Dutch women's team — Truus van der Spek, Bet Friend, Manjke van der Pas, Ely Schippers, Jet Pasman and Anneke Simons.

In the world team championships in Miami Beach last month they finished 17th in a field of 166 teams in the world team championship.

On the diagrammed deal, the South cards were held by Ms. van der Spek, the team captain. Faced with a transfer position, she tried three no-trump and had to struggle. Since East's bid showed hearts, West led the ten, which held the first trick. The next hand was with

dummy's king, and a spade was led to the ten and king. The diamond king was led, and when this was allowed to win, West shifted to a club. South won in dummy and tried another spade to the jack and ace, reaching this position:

NORTH
♠ Q 8 7
♥ 7 4
♦ Q 5 4
♣ 7 3

SOUTH
♠ A 10 9 8 7
♥ A 5 4 3
♦ A J
♣ A K J 9

West put South to the test by leading the spade two. South analyzed correctly, concluding that the only way to lose the contract, was to finesse. She put up the queen, and when the nine did not fall, she cashed some winners: the club ace, the heart ace, the club king and the club queen.

West could not stand the pressure. In order to guard dummy's spade eight he had to part with a diamond, and South led to her ace, collecting the queen and making the game.

East blamed himself for failing to play the heart jack on the first trick, threatening a diamond shift, but that would simply have forced South to win immediately with the heart ace.

The bidding:
East South West North
3 o J.N.T. Pass Pass
Pass West led the heart ten.

World Stock Markets
Via Agence France-Press Nov. 6
Closing prices in local currencies unless otherwise indicated.

Market	Index	Change
Amsterdam	2180	+15
Brussels	1020	+10
Frankfurt	3120	+12
London	2710	+18
Paris	1250	+15
Singapore	1200	+10
Zurich	1800	+12

Handwritten signature or scribble.

SPORTS

IOC, Taking Cue From Its Leader, Looks Ahead, Not Back

By Randy Harvey

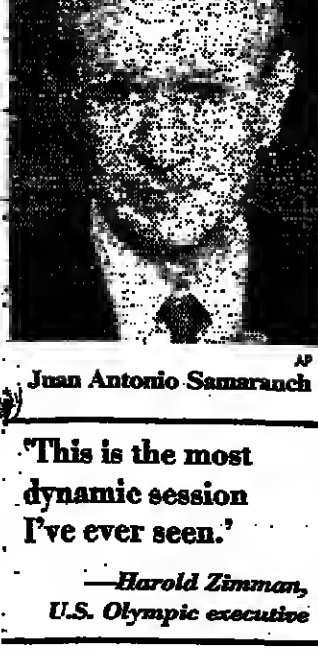
LAUSANNE, Switzerland — Even though Juan Antonio Samaranch has been president of the International Olympic Committee for six years, the Spaniard's power and popularity were not fully confirmed until last month. In effect, he has been the IOC's undisputed leader for only a year, since the resignation of the committee's executive director, Monique Berlioux of France.

four other cities on Oct. 17 at the IOC's 91st session also was a decisive victory for the present. And, it was a vote against much of the de Coubertin idealism that has both elevated the Olympic movement and prevented it from moving at all. The Olympics still stand for swifter, higher, stronger because they are, above all else, athletic contests. But for the Olympics to prosper in the 21st century, the IOC has had to create conditions by which it can become richer, richer, richer.

Although it was not discussed at this session, the next move to strengthen the appeal of the Winter Olympics, according to IOC members, could be the transfer of some indoor sports, among them basketball and volleyball, from the Summer Olympics. That not only would add to the attractiveness of the winter program, which has only six sports, but would increase the involvement of South American, Asian and African countries, which, except for Japan, are virtually excluded from snow and ice events.

Basketball Association players. If it eventually becomes open to all pros, the IOC would have to seek an accommodation with the NBA, assuming that basketball becomes a winter sport. The IOC already is prepared to work with the National Hockey League. The sport of ice hockey was opened last month to all professionals for the 1988 Winter Olympics. There was no objection from the Soviet Union, presumably because the Russians figured they can beat the Canadian players from the NHL.

that as the IOC's profits increase, the odds of future Soviet-led boycotts decrease. The IOC is so eager to open the Olympics that it is encouraging the international soccer federation to liberalize its eligibility rules. Fearing that if all professionals are allowed to compete the Olympic tournament would detract from the World Cup, the world's most popular sporting event, FIFA has offered players who are 23 and younger.



This is the most dynamic session I've ever seen. —Harold Zimmerman, U.S. Olympic executive

...And in '96, a 'World' Series

By Scott Ostler
We now join the broadcast of the opening game of the 1996 World Series, in progress, with Erick Burns and Rip Sox at the microphone. Brick: Well, Rip, old buddy, it's a great day for baseball here in Moscow, despite the chill in the air — 6 degrees at game time, with heavy snow flurries. But the weather hasn't dampened the enthusiasm of this fine crowd here in Kremlin Square Stadium, a dandy little ballpark smack dab in downtown Moscow.

tor Perry of the Chicago Bears. When the L.A. Lakers signed Soviet basketball star Arvids Sabonis in 1987, the Russians retaliated by persuading The Frigate to switch teams, sports and countries. And you know, Pee Wee has turned out to be a pretty good little leadoff hitter. Rip: And a very decent shortstop, I might add. Brick: While we're waiting for the Indians' trainer to chip the ice off his catcher, I'd like to say what a bang-up job the local folk have done. Rip: This Series will not be lacking in pomp and pageantry. For pregame entertainment, we had the parade of tanks and missiles around the ballpark's warning track. And, as part of the cultural exchange aspect of the Series, Sammy Davis Jr. sang the Russian national anthem.

White Crusader, right, rounded the first mark ahead of U.S.A., then disaster struck. The 37-year-old Goring, the 16th coach in the team's history, departed immediately without speaking to reporters and left his players to do the soul-searching. Several of them felt that Goring was out to blame for the team's problems. "I feel bad for Butch," said wingback Rick Middleton, "collectively, as a team, we let him down. We didn't expect this thing to happen."



White Crusader, right, rounded the first mark ahead of U.S.A., then disaster struck.

Bruins Fire Goring, Bowman Resigns

BUFFALO, New York — The Boston Bruins lost more than their third straight National Hockey League game Wednesday night. Their second-year coach, Butch Goring, was fired after an 8-3 pummeling. Ironically, the firing happened in Buffalo, where Scotty Bowman's job as coach and general manager of the Sabres was the one in jeopardy. Bowman, the winningest coach in NHL history, stepped down Thursday as the Sabres' coach and was replaced by assistant Craig Ramsay. The Sabres, who won their third in a row, helped end Goring's first NHL coaching stint, after just 93 regular-season games, with their second trouncing of the Bruins this week. That made Boston 5-7-1, just one point ahead of the last-place Sabres in the Adams Division.

During Wednesday's loss by White Crusader, the wire sheet attached to the headstall had cracked like a whip across wind grinder Paul Rusbult and thrown him across the deck. In the race Thursday pitting brother against brother, Marc Pajot's French Kiss was 4:47 ahead, maneuvering toward the third leadward mark when the boat beaved in the swell and bowman Albert Jacobson of Cannes was swept overboard. French Kiss turned about to rescue him and, despite losing 1 minute 32 seconds, went on to defeat Yves Pajot's Challenge France by 4:01. (AFP, AP)

SPORTS BRIEFS

3 Share Lead in World Golf Tourney

INAGI, Japan (AP) — Australians Graham Marsh and Ian Baker-Finch, Hal Sutton of the United States and Koichi Suzuki of Japan each shot five-under-par 67 on Thursday to share the individual lead after one round of the World Championship of Golf. Tsuneo Nakajima, Japan's top money-winner this season, Bernhard Langer of West Germany, John Mahaffey of the United States, Greg Norman of Australia and two Britons, Nick Faldo and Sandy Lyle, shot 68. In the team competition, Australia-New Zealand beat the United States, 7-5, and Europe beat Japan, 7-5.

Jockey Hawley Has Cancer Operation

PASADENA, California (AP) — Canadian jockey Sandy Hawley has developed melanoma, a potentially fatal form of skin cancer, and has had "rather extensive surgery in order to provide him with the best chance for a permanent cure," his doctor said Wednesday. Hawley, 37, won the 1976 Eclipse Award as the top jockey in the United States and was inducted into the Canadian Racing Hall of Fame this year. James T. Holsper, a cancer surgeon, said that Hawley "plans to be out of racing for about six weeks, depending upon additional reports and studies."

For the Record

The World Boxing Association threatened to strip Marvin Hagler of his middleweight championship if he fights Ray Leonard in the title bout April 6; the World Boxing Council has sanctioned the fight but not the WBA or the International Boxing Federation. Manchester United fired its coach, Ron Atkinson, citing the English first division soccer team's poor performance.

White Crusader Loses Its Mast, Race As High Winds Hit Cup Challengers

Compiled by Our Staff From Dispatches
FREMANTLE, Australia — Winds of up to 28 knots wrought havoc Thursday with many in the fleet of America's Cup challengers on the fifth day of the second round of racing. Especially hard hit was the British yacht White Crusader, which on its second straight day of misfortune had its \$100,000 mast buckled and withdrew against U.S.A. Heart of America also was forced out of competition while French Kiss lost a main overboard, America II suffered rigging problems and spinnakers were torn on Italy's Azzurra and French Kiss. But Dennis Connor's Stars & Stripes posted an impressive 5:15 triumph over Italia, while the New York Yacht Club's America II kept on winning with a 3:41 trouncing of Canada II and New Zealand's

SCOREBOARD

Table with columns for Basketball (NBA Standings, America's Cup) and Hockey (NHL Standings, European Soccer).

ESCORTS & GUIDES

Table listing international escort services with columns for location, name, and phone number.

INTERNATIONAL CLASSIFIED

Table listing classified advertisements for various services and locations.

ESCORTS & GUIDES

Table listing escort services with columns for location, name, and phone number.

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Table listing escort services with columns for location, name, and phone number.

OBSERVER

Keeping Out of Touch

By Russell Baker
NEW YORK—I used to keep up with things. Keeping up with things seemed important. Vital. American. People who did it were on the ball, with it, on their toes, wide awake. No moss grew on them. They had courage. They were in touch, as courtiers, plugged in. They knew the score.

I wanted to be praiseworthy like that, so I kept up with things. I could name all of Artie Shaw's wives, tell you how many weeks "Elmer's Tune" had been on the Hit Parade and explain how to tell a Buick's age by counting the holes on the side of its hood.

My boy, name all of Artie Shaw's wives, just to teach him humility. What's wrong with being as out-moded as Lawrence Welk? Admittedly, Welkian music is not the Budapest String Quartet's music, but at least it is music you can whistle, which cannot be said of either the Budapest String Quartet's or Cyndi Lauper's music.

I no longer see the point of keeping up with most things. I first experienced doubts when Eddie Fisher and Debbie Reynolds were getting divorced so Eddie could marry Elizabeth Taylor.

Eddie looked to me like a potential multimillionaire. That bothered me. Artie Shaw was quieting down matrimonially at that time, and I was grateful to him for making it easier to keep up with things. Now Eddie is here, and Eddie looking as if he might pick up where Artie was leaving off.

For the first time, it occurred to me that there might be a lot of things that were not worth keeping up with. To this day I do not know how many times Eddie has married. Soon thereafter, I was not keeping up with so many things that I had time to read Henry James. What's the use of knowing who Cyndi Lauper is if you've never heard of Daisy Miller?

How, you may ask, can I propound such deep questions after a life wasted learning about the wives of Artie Shaw, Buick holes, "Elmer's Tune" and the genealogy of "The Oomph Girl"? The answer is "I" — he has brought me wisdom, just as the old folks used to say it would.

Age demonstrated that people who can't stop keeping up with things are doomed to become tedious old bodies. If you doubt it, come to my house some evening and hear me recite the wives of Artie Shaw, recent Charlie Keel-Bears, reminiscence about "The Oomph Girl" and whistle "Elmer's Tune," along with several hundred other songs from the Hit Parade.

David Halberstam: A Writer's Reckoning

By Steve Coll
Washington Post Service

IN the mid-1960s, when David Halberstam was The New York Times's correspondent in Poland, his newspaper sent him a memo instructing that when in doubt, a Times correspondent should write stories of exactly 600 words.

Halberstam sent the memo to his friend, fellow Timesman J. Anthony Lukas, in India. He scrawled in the margin, "Lukas—There are only two kinds of stories in the world: those about which I do not care to write as many as 600 words, and those about which I would like to write many more than 600 words. But there is nothing about which I would like to write exactly 600 words."

For Halberstam today, 600 words is sometimes the length of a sentence, certainly not a story. His latest tome, "The Reckoning" (Morrow), a dual history of the Ford and Nissan automobile companies, weighs nearly as much as a bowling ball. Of course, as is common with Halberstam's work, the manuscript was no heavier than his subject. The leaders of Detroit, Halberstam writes early in his book, "thought of themselves as big men doing a big job, and they dealt on a scale that dwarfed all other enterprise in America."

The Detroit he describes is rich, powerful, insulated, WASP-ish, arrogant and even decadent. It is brought to its knees by the Asians who emphasize sacrifice, work, education and achievement.

that as reporting, it is a gargantuan accomplishment. One of Halberstam's distinctive talents as a writer-journalist is his ability to connect the course of a man's career (there are still few women in the universe he writes about) with the culture, society and institutions that surround and shape him. The themes that attract him—ambition, career, power—are the themes of his life. And if he were writing about himself, searching as he would for the milieu that defined his career, he might choose Manhattan, 1968, and the parties that came together in his East Side apartment.



Halberstam: "Christ, am I going to fail? I can't fail."

Halberstam's role was not merely to be host to this ambitious and energized coterie of young writers; his career was a kind of guidepost for them. "We looked around us at all our very talented colleagues, many of whom strangely stopped growing as journalists in their late 30s, and we saw them kind of congeal into a role," Lukas says. "Both Talese and Halberstam were just enormously important as counterexamples."

Halberstam's treatment of Japan and the United States in "The Reckoning" is interesting in a similar way. In some respects, the book is about Halberstam's long-standing ambivalence toward the United States' Protestant Establishment, which both fascinates and repulses him. The Detroit he describes is rich, powerful, insulated, WASP-ish, arrogant and even decadent. It is brought to its knees by the Asians—who emphasize sacrifice, work, education and achievement.

— who overcame jingoism and the devastation of World War II through a culture that emphasizes sacrifice, work, education and achievement. "Part of it is growing up Jewish, part of it is traveling all over the country as a kid and being in 20 different schools," he says. "You're never part of the norm. You're never going to be most popular, best looking, most admired."

PEOPLE

Shcharansky's Become Parents of a Baby Girl

Avital Shcharansky, wife of the human rights activist Anatoly Shcharansky, gave birth to a girl Wednesday night in Jerusalem. Shcharansky, 38, and his wife, who turns 35 today, were reunited in Israel last February after a 12-year separation. Mrs. Shcharansky emigrated to Israel the day after their wedding in 1974. Shcharansky was freed in an East-West prisoner exchange Feb. 11 after spending nine years in Soviet prisons and labor camps.

J.D. Salinger has lost a bid in a U.S. court to block publication of an unauthorized biography by the British writer Ian Hamilton. Judge Pierre Lévesque refused in federal court in New York to issue a preliminary injunction against Hamilton and Random House, publisher of "J.D. Salinger: A Writing Life." The miling can be "Catcher in the Rye," "Franny and Zooey" and "Raise High the Roof Beam, Carpenters." Salinger, who has remained out of the public eye for 30 years, said he did not want a biography published in his lifetime and objected to use of personal letters to friends that were found by Hamilton in university libraries.

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